

# *The* **NATIONAL** **UNDERWRITER** *Life Insurance Edition*



Battles, ball games, and sales are frequently won by brilliance. But wars, pennants, and successful careers are won by preparation. Ætna Life Salesmen know the value of mastering a perfected organized sales presentation. They have seen that the direct, decisive presentation brings a high ratio of results.

ÆTNA LIFE ORGANIZED SELLING



ÆTNA LIFE INSURANCE COMPANY  
*and affiliates*

The Ætna Casualty & Surety Company  
The Automobile Insurance Company  
The Standard Fire Insurance Company  
*of Hartford, Connecticut*

**FRIDAY, AUGUST 13, 1943**



## Me and the dream and the catalog

**W**HEN I WAS A KID of 8, back home on the farm, I used to dream of being the richest man in the world.

I didn't know quite how to go about becoming rich, but I knew exactly what I was going to do with the money. I was going to order everything in the mail-order catalog, all at once, and have it delivered with all charges paid.

I used to sit with the catalog in my lap and see myself with my wealth piled about me, all neatly price marked the way it was in the book.

There was the de luxe motorbike with horn, light, and sturdy basket for parcels, \$36.75; the high-powered repeating rifle, \$56.45; the varsity model football suit with built-in shoulder pads, \$11.98; "Our finest" first basemen's mitt, for right or left handers, \$8.69. I looked at them and knew that I had to be rich.

But then I grew older. And I married. And I didn't get rich.

Now I am 44 with an 8-year-old of my own. And there are times when he presses his nose against a store window with a far-away look in his eyes. It isn't hard, remembering my own boyhood, to guess what is on his mind. He's dreaming the way his dad did. He's the richest man in the world, ordering gasoline-powered model airplanes, 100 at a time.

Thinking back to the days I used to spend with the mail-order catalog, I sometimes wish I could make all those queer kid dreams of his come true. But I can't. And it probably wouldn't be good for him if I could.

So I have to be content with the things I can give him. Solid things that last. Things I never had.

For one thing, I can make sure that he can get a good education, no matter what happens to me. I took out insurance to see to that before he was able to walk.

I can spare him the sick feeling of fear I

felt as a boy when my dad got hurt in the woods and couldn't work the farm. That was the winter we got down to the bottom of the barrel and thought we would have to mortgage everything. Nothing like that will ever happen to my boy. If I get hurt, my accident insurance will pay for the hospital and doctor and take care of the bills at home until I am back on the job.

And there is something else, my son can count on: he will never have to support his mother and me in our old age. My insurance will provide the money to keep us going.

These things are little enough for me to give my son. But I think they're real riches. I think they're things that count.

\* \* \*

**MORAL:** Insure in The Travelers. All forms of insurance. The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, Hartford, Connecticut.

## Stevenson, Coffin and Bendiner on N. A. L. U. Card

### Plans for Managers and Women's Sessions in Pittsburgh Given

Irvin Bendiner, New York Life, Philadelphia, prominent insurance, taxation and estate lawyer, will speak at the "American College Hour" during the annual meeting of the National Association of Life Underwriters in Pittsburgh on Thursday, Sept. 16, Judd C. Benson, Union Central, Cincinnati, trustee and N.A.L.U. program chairman announces. Mr. Bendiner has appeared before sev-



**JOHN A. STEVENSON**

eral national conventions and on state and local association platforms. He is counsel for the Philadelphia association. Since 1927 he has maintained constant membership in New York Life's "Top Club."

"The Challenge to Trained Leadership" has been selected as the theme of the streamlined session of the General Agents and Managers Section which will be held on Wednesday afternoon, Sept. 15. John A. Stevenson, president Penn Mutual Life, will be the principal speaker. He will discuss the place of trained leadership in present-day and post-war conditions.

#### Panel on Management Problems

Preceding Mr. Stevenson's address will be a panel discussion by 14 leading general agents on present and post-war problems confronting agency management. Osborne Bethea, New York City general agent Penn Mutual, is section chairman.

Vincent B. Coffin, vice-president and superintendent of agencies Connecticut Mutual, will address the supervisors' dinner meeting on Thursday, Sept. 16. John C. Sheedy, manager of production Reliance Life, Pittsburgh, and President of the Supervisors Club of Pittsburgh, will preside.

Giving expression to its theme "Getting Business—Our Part in Essential War Service," the Women Underwriters Section program on Wednesday after-

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## S.E.U.A. Scores Complete Victory in Atlanta Case

### Judge Underwood Says Government Arguments Don't Shake Paul vs. Va.

ATLANTA—The suspense that has existed throughout the insurance business since the time that Federal Judge Underwood here took under advisement the motion of the S.E.U.A. to dismiss the anti-trust indictment that was secured by the Department of Justice was agreeably lifted Aug. 5 when Judge Underwood sustained the S.E.U.A. demurrer and ordered the dismissal of the indictment which named the S.E.U.A., 27 of its officials and 198 fire insurance companies doing business in the Carolinas, Georgia, Florida and Alabama.

"Counsel for the government concede that in the numerous decisions cited the Supreme Court has held that the business of insurance is not commerce, yet," the opinion reads, "strangely enough asks this court to rule directly to the contrary. The indictment does not disclose any facts or differences in this case which would remove it from the controlling effect of the decisions of the Supreme Court holding that the business of insurance is not commerce."

#### No Federal Offenses

The opinion, in referring to the accompanying order for the dismissal of the indictment, says "The conspiracies charged in the indictment are not conspiracies in restraint of or to monopolize interstate trade or commerce. The indictment, therefore, does not charge federal offenses and should be dismissed."

The decision stands squarely on Paul v. Virginia and the series of Supreme Court decisions which have followed that ruling 75 years ago. Judge Underwood dismissed the involved argument in the Elmore brief that insurance was an essential instrumentality of trade, employed interstate communication and so ought to be regarded as interstate commerce as "unsound" and flatly declared that any reversal of the principle that "insurance is not commerce" must come from either "the Supreme Court itself or Congress."

The long series of analogies and controversial quotations by which Elmore sought to demonstrate that insurance was trade and therefore commerce are dismissed by Judge Underwood with the statement that "the government position is not sound." He comments further: "If insurance is trade it would also be commerce. But at any rate the findings of the Supreme Court that the business of insurance is not commerce seem to me to demand a finding that the business of insurance is not 'interstate trade' and is not covered by the Sherman act. The business of insurance is not inter-

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## OWI Puts Life Insurance in Monthly Box Score

WASHINGTON—The Office of War Information's first monthly box score issued to follow the battle against inflation includes an estimated \$4,500,000,000 insurance holdings to be added in 1943 as among "factors against inflation."

Among other "healthy indications" listed by OWI is the statement that "withdrawals of life insurance have hit a new low."

### Department of Justice to Appeal to U. S. Supreme Court

WASHINGTON — Department of Justice officials plan to take an appeal to the U. S. Supreme Court from the decision of the federal court in Atlanta sustaining the demurrer of the Southeastern Underwriters Association and dismissing the government's indictment against it charging violation of the anti-trust law.

Appeal will be taken under the criminal appeals act and will be filed within the time limit expiring Sept. 5, department attorneys say.

The case may not be reached for argument for some time thereafter. However, a direct appeal permits of an earlier final decision than if the Atlanta court had ruled the other way.

It is stated at the department that the Atlanta decision will not affect the New York investigation of Cotton Fire & Marine Underwriters and Cotton Insurance Association. Facts, circumstances and conditions are said to be different in the two cases. The New York case is in status quo pending study by the department of a mass of material bearing upon the matter, which may require weeks or possibly months.

While courts have ruled many times in state tax cases that insurance is not interstate commerce, the department of justice position is that they have not ruled so with relation to the Sherman anti-trust law.

#### REACTION IN NEW YORK

NEW YORK—Judge E. Marvin Underwood's decision upholding the demurrer of the Southeastern Underwriters Association to the indictment obtained by the federal anti-trust division in the U. S. district court in Atlanta caused no surprise to insurance men here who have been following the case. In view of the fact that the anti-trust division was asking the court to decide contrary to the U. S. Supreme Court's decisions covering the last 75 years that insurance is not commerce it would have been very surprising if Judge Underwood had upheld the anti-trust division's contention.

The assumption is that the government will take advantage of its right under the criminal expediting act to appeal direct to the U. S. Supreme Court and that the court will hear the case later this year or early in 1944.

#### ADO ABOUT NOTHING

ATLANTA—Judge Underwood's decision, says an editorial in the Atlanta "Journal" of Aug. 7, headed "Ado About Nothing," makes "the layman wonder what in the world the Department of Justice was thinking about when it brought the action."

"Judge Underwood's formal opinion says 'The whole case depends upon the question as to whether or not the business of insurance is interstate trade or commerce, and, if so, whether the transactions alleged in the indictment constitute interstate commerce.' Then the learned judge goes on to say: 'The Supreme Court has unequivocally and unanimously held repeatedly during a period of 75 years that the business of insurance is not commerce.' The judge said further that counsel for the government had so held but 'strangely enough ask this court to rule directly to the contrary.'

"The case has been thrown out of

## Only Ordinary Permitted Under 5% Rule

### Must Include All Employees of Dept.—Dependents' A. & H. Cover Barred

WASHINGTON — Representative Walter C. Ploeser, of St. Louis, Mo., has received a ruling or interpretation from Norman D. Cann, acting commissioner of internal revenue, concerning application of the salary stabilization regulations to life insurance, group health, accident and hospitalization insurance and/or premiums thereon, paid by employers for the benefit of employees and, in certain instances, non-employees.

With reference to the latter, it is held that "that portion of the premium" on group health, accident and hospitalization insurance "which may be allocated for the purchase of such insurance for persons other than the employee, constitutes a salary increase where such insurance has not been in effect prior to Oct. 2, 1942."

The interpretations are contained in the following letter, date July 31:

"Reference is made to your telephone inquiry on July 16, 1943 on behalf of your constituents, with respect to the purchase of life insurance for employees.

#### Interpretation Is Given

"There is enclosed herewith copy of the salary stabilization regulations promulgated under the act of Oct. 2, 1942 (Pub. L. No. 729, 77th Cong., 2d Sess.) as amended, and your attention is called to Section 1002.8 which relates to insurance. So far as concerns those employees coming under the jurisdiction of this office, the type of insurance permissible under this section is ordinary or whole life insurance. The payment of premiums by an employer upon any other type of insurance without prior approval therefor would be considered to be a salary increase in contravention of the act of Oct. 2, 1942.

"An employer may not purchase life insurance for the benefit of a small group of selected individuals. The number of employees for whom premiums on life insurance policies may be paid is determined by the nature of the business and the total number employed. While the number need not include all the employees in the business, it must include all the employees in the department in which any person to be insured is working.

#### Group Hospitalization

"This office now holds that the payment of premiums on group hospitalization insurance which provides hospitalization for employees does not constitute a salary increase within the meaning of the act of Oct. 2, 1942 and the regulations promulgated thereunder.

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court. It was much ado about nothing insofar as any determination of the reasonableness of insurance rates is concerned.

"But it brought to 27 persons specifically indicted and to 198 insurance companies and organizations involved a great deal of trouble, worry and expense. All of this was needless, and the action of the Department of Justice was indefensible and inexcusable."



## Continental Parley Opens in Chicago; Dingman Talks

**Sales Possibilities in  
Women's Field Stressed  
by S. R. Henderson**

"As insurance men we sell the second best thing that can be bought," Dr. H. W. Dingman, vice-president and medical director, declared at the opening session of the annual convention of Continental Assurance's 1-2-0 Club in Chicago this week. "The first best is government bonds. They make sure we have our country to live in. Insurance makes sure we can live in it with independence and comfort rather than charity and fear. We have sold this protection to every other person in the United States. Now we are working on the other half and selling more and more to the first half."

It is surprising how many applications are received from persons who carry no insurance whatsoever, Dr. Dingman commented. "Yet not so surprising after all when we remember that national income is now stepped up to 12 billion dollars a month, double what it was a very short time ago. That 12 billion dollars a month is in our midst and is being spent somewhere and if we do not get a proper share of it for insurance it is our own fault and we suffer. But others suffer more."

In citing a tragic lapse case, Dr. Dingman said the policyholder's intentions were good "but intentions don't buy groceries. It is not enough to sell insurance. That insurance must be kept sold. We who sell insurance accept a moral obligation."

Since Continental Assurance's first war claim at Pearl Harbor killing, 35 have been received totalling \$82,353. Thirteen died of disease, eight were killed in battle action, seven were killed in airplanes, three were killed in accidents in camp, three are missing, one is a trial death claim, no details, Dr. Dingman reported.

### SALES TO WOMEN

In discussing selling to women, Sherman R. Henderson, Columbus, O., pointed out that women control and inherit 63% of all estates left under wills, comprise 43% of the stockholders of large businesses and own 22% of the stock of large corporations. More than half of the beneficiaries of estates are women, and they receive more than two thirds of the legacies.

In normal times 10,000,000 women are gainfully employed but now this figure has practically doubled.

"When this war is over we are going to find these women entrenched in jobs in every field, technical, chemical, agricultural, political and professional," Mr. Henderson predicted.

In developing this fertile field for high premium life insurance, Mr. Henderson suggested becoming acquainted with some prominent employed women, such as school principals and heads of departments in some business.

"Sell them if you can, but here is your center of influence, obtain their confidence, assuring this center of influence that you have a service to render, that you have a knowledge of plans of insurance which her friends should know of, and if they have an ability to save, they should see you at once."

"Now don't ask this center of influence."  
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## Shifting Service Work to Specialists Is Considered

NEW YORK — Employment of a corps of service experts who would relieve the agent of this work and leave him free to devote his entire time to selling is one of the possibilities being considered in connection with the agitation for revision of agents' compensation plans. These service men, who would keep in touch with policyholders' requirements, might be in the nature of apprentice agents or they might be career service men, more expert in their own field than any but the most technically equipped agents, but without the talent or desire to engage in actual selling.

The reason that the idea of a corps of service specialists has been advanced is that most of the suggestions for a changed compensation basis include the payment of some sort of service commission throughout the life of the policy. It is contemplated that this service commission would not only assure policyholders of proper and continued advice on their insurance but would also serve as a sort of meal ticket for the new agent and an aid in ironing out the income fluctuations for the established agent.

### Payment Basis a Problem

There is some feeling, however, that it might be difficult to work out a basis for payment of service commissions that would assure the service work being done thoroughly. There is also the question as to whether it would be economically possible to pay a high enough service fee to interest the more capable type of agent. There would be a temptation, as there is now, for him to concentrate his service work on those clients or prospects where the work might reasonably be expected to produce the most new business, either directly or in the form of good leads. Calls which could be expected to involve service and nothing else might be glossed over if the agent stood to earn several times as high a return on his time by devoting it to selling.

While no plan has been worked out in detail, one thought is that the soliciting

agent's compensation might be based on the premise that he would devote himself entirely to selling. His commissions would include renewals sufficient to make it to his interest that the business remained on the books after once being sold but he would not be expected to do service work either in connection with the original sale or in keeping the insured's coverage abreast of his changing conditions.

### Paper Work Now Burdensome

From the agent's point of view this plan would have the advantage, provided his rate of commissions were not unduly reduced, of freeing him entirely from the increasingly burdensome job of servicing new and old policyholders. The trend toward programming and dovetailing insurance in with social security has greatly increased this sort of paper work. While many agents are sufficiently versatile so that they can perform with equal efficiency both in selling and in working out a client's technical requirements, many an able salesman finds himself putting around with figures in the office when he could be making a great deal more money out on the firing line utilizing his talents for selling.

Offhand it might seem that there would be considerable duplication of effort in having an agent call on a man to sell him a policy and a service man call on him to do the service work. Yet such an arrangement would have the merit of permitting the agent and the service man each spend his time at what he is best fitted for. It would solve the problem of the agent who tries conscientiously to service two masters—sales and service—and do a good job for both.

There is also the fact that a systematic method for seeing that all policyholders are serviced periodically would uncover numerous sales possibilities which would of course be passed on to the agents. The idea is certain to come in for considerable discussion at the American Life Convention annual meeting in October.

## N. J. Counsellor Nabbed on Charge of Fraud

Irving Kaufman of Jersey City, who is head of what was known as the Life Policy Adjustment Bureau in Newark, was arrested by Newark police on a charge of fraud. Mrs. Roy Hoffman of Union City, N. J., was the complainant. She alleged that she gave Kaufman \$60 on a promise that he would obtain \$800 in cash for her on an endowment policy. She claims she later ascertained that the policy had a cash value of only \$275. Police were called in by the New Jersey department. Kaufman admitted charging Mrs. Hoffman \$3 for analyzing her policies and pleaded not guilty before Judge Vernico in Newark. He is awaiting action of the grand jury.

## Sharp Increase in Policy and Average Premium

In analyzing its new business, for the first six months of 1943, Connecticut Mutual Life finds that since 1940, the average policy has increased from \$3,482 to \$4,453, while the average annual premium per \$1,000 has increased from \$29.04 to \$35.40. A greater proportion of business is now on the ordinary life plan, the percentage now being 58.6% by cases and 57.8% by amount. Insurance on the lives of women has increased from 10.1% to 13.0% by amount and from 15.6% to 28.0% by number.

## California-Western States Sets New Club Record

California-Western States Life has completed its El Capitan Leading Producers Club year with the largest membership in history despite a decrease in agents competing. War savings bonds, in lieu of the usual convention trip, are awarded to those attaining club membership.

New club officers, determined on the basis of quality and quantity of production, are: Alfred E. Gaumer, Sacramento, president; Sol M. Minzer, Dallas, first vice-president; James Papas, San Francisco, second vice-president; Carl W. Madsen, Wyoming, third vice-president.

Leading agencies in percentage of agents qualified are: San Francisco, 100%; San Diego and San Jose, 77.7%; Redwood Empire Agency, San Rafael, 66.6%.

## Loan Agents Offer to Split Commissions

The practice is reported to be developing in a number of cities for loan brokers to split commissions with insurance agents who bring policy loan deals to the broker. Usually these brokers represent several banks and receive a commission of 1% on loans that they produce. The broker in turn may set about drumming up trade by offering to split his commission with the insurance agent and a good many of the latter are reported to be entering into such arrangements.

## Eye Speculation in Applications on Key Men

**Single Cases Viewed  
with Suspicion—  
Fear Post-War Lapses**

NEW YORK—The large amount of key-man insurance that is being written among war industries has caused home office underwriting departments to scrutinize all cases for evidences of speculation. In the past key-man insurance has been a source of this form of anti-selection but underwriters feel that very few such cases have slipped past in the current war boom.

One test that is applied is to determine why the key men or man on whom insurance is being applied for have been chosen for this honor. If only one executive or technician is being insured the case looks suspicious unless there is very good reason for believing that the man is really the only one in the concern worth insuring and that the business would probably collapse without his presence. If there are a number of other men who seem about equally important to the firm's welfare and they are not being insured the case is open to question.

Even where it is obvious that the key man being insured is a valuable asset the abnormal condition of the times makes it extremely difficult to appraise his true worth.

Another reason for life companies not to let themselves get loaded up with insurance on key men beyond a reasonable extent is the danger that once the war is over and the business of these war industries falls back to normal or even has a marked recession much of the key man insurance will be dropped, except for that on lives which have become impaired. In such cases the corporation may decide to keep on paying the premiums in the hope of cashing in handsomely on its investment or the insured himself may acquire the insurance.

One way of meeting this difficulty would be to issue non-renewable and non-convertible term insurance where the nature of the business is obviously temporary but it is very difficult to get a buyer to accept such a policy.

## Honor Mulock in August

Production of business by agents of Central Life of Des Moines in August, his birth month, will be dedicated to President E. H. Mulock, who has resumed his office duties after a long illness. Mr. Mulock was stricken more than a year ago and for a time his condition was critical. He is now able to go to his office daily.

## Sam T. Ross Heads Texas Leaders Round Table

Sam T. Ross, Great Southern Life, Beaumont, was elected 1943 chairman of the Texas Leaders Round Table by a mail vote. He has appointed the following executive committeemen: Fred C. Storey, United Fidelity Life, Wichita Falls; John Ardey, Southwestern Life, Waxahatchie; and Thos. E. Hand, Connecticut Mutual Life, Houston. Alva Carlton, Houston, is secretary. Mr. Ross has called a meeting of the executive committee and former chairmen for Aug. 17 in Dallas to make plans for the coming year.



## Disability Claims Seek to Anticipate Future Benefits

### Theory Blasted by One Supreme Court Case Revived by Another

Disability claims involving the so-called "anticipatory breach" principle have begun to bob up again after an absence of several years. Under the theory of anticipatory breach a claimant whose claim for disability has been denied can sue for not only the payments which he contends should have been made to him and which may amount to only a few hundred dollars but also for the present commuted value of all the payments that would be made to him during his expectation of life.

The anticipatory breach theory resulted in awards considerably higher than if the plaintiff's victory had merely won him the right to receive disability income, since the claimed life expectancy was based on the American experience table rather than one which took into account the probable shorter duration of a disabled life. However, the worst feature was probably the fact that the chance of winning a large lump sum verdict encouraged lawyers to take these cases, since the fee would be substantial and the funds would be readily available if the action were successful. This situation was particularly pronounced in the case of lawyers accepting such cases on a contingent fee basis.

The leading case which knocked the foundation from under the anticipatory breach theory was *New York Life vs. Viglas*, which was decided by the United States Supreme Court (297 U.S. 672). Since that decision, in 1936, there has been little trouble with anticipatory breach claims until fairly recently.

However, another U.S. Supreme Court case, *Erie Railroad vs. Tompkins*, decided in 1939, held that the federal courts have no right to determine what the common law is in a state where the state has already determined it, that is, the local federal courts must follow the substantive law of the state, though following the federal court procedure. Apparently basing their contentions on the *Erie* case, some claimants' lawyers, in jurisdictions where the local laws permit claims for anticipatory breach, have set up this type of claim in disability cases.

#### Application to Disability Claims

As a matter of fact, there is grave doubt that the anticipatory breach theory has any application whatever to disability claims. The theory is based on the concept that when one party to a contract fails to perform his part of the bargain the other party is entitled to claim all the benefits that would have accrued under the contract. For example, a plaintiff in a breach of promise suit is entitled to make claim for all the benefits that would have accrued to her through the agreed-upon marriage, even though the date for the wedding may be still months in the future at the time claim is made.

However, there is a great difference between a situation like this and that of a disability claimant, even assuming the company to be in error in denying the claim. The right of the claimant to receive disability income, assuming his claim to be valid, is not absolute as of the date of the claim but is contingent upon his continuing to live and to remain totally disabled.

## Approach Pension Trusts from Social Angle, Reese Urges

PHILADELPHIA—Pension trust plans constitute the one desirable method for supplementing social security, in the opinion of Joseph H. Reese, home office general agent of Penn Mutual Life.

One of several speakers at a two-day pension trust conference of Penn Mutual agents, Mr. Reese declared that pension plans should be approached chiefly from that viewpoint. The social aspects of pension trusts are becoming increasingly important. Although tax advantages to business organizations are undeniable, he is opposed to sales techniques that enlarge on the tax aspect. "While we recognize the great advantages of pension trusts when viewed from the tax angle," he asserted, "that should not be the sole motivating influence in the installation of such a program."

Programs should be built along "socially sound" principles designed to promote employee relations, Mr. Reese said, adding that "tax advantages should be incidental."

Mr. Reese said it would be sound policy to do everything possible to discourage those not completely equipped to do the work from undertaking the creation of pension trusts. Referring to their activities as "a waste of time," Mr. Reese said: "We realize this is probably the most advanced form of underwriting and that most likely a comparatively few will have such contacts that installing pension trusts could become a profitable part of their activities."

The agent, he said, must be prepared to render long term service to any organization which installs a pension trust plan. "He has a great obligation to serve as architect of the plan, with the attorney and accountant serving in their respective fields in the installation and

## O. No Longer Asks Employer's Letter from Part-Timer

COLUMBUS—Superintendent Crabbe of Ohio has filed with the secretary of state an amendment to a departmental rule of May 1, 1939, eliminating therefrom a requirement for part-time agents to obtain written authority from their employers to leave their places of business and receive visitors and telephone calls where necessary to render insurance service.

Mr. Crabbe announced that in the future the department will determine the suitability of applicants for agents and solicitors licenses on an individual basis. Various methods in addition to the regular examination will be used to determine whether applicants meet the statutory requirements. In the case of new applicants for agents licenses, who are otherwise employed, the department will address a questionnaire to the employer asking certain questions bearing directly on the suitability of the applicant according to the tests set forth in the statute.

A number of life insurance general agents in Ohio about a year ago requested that the department refrain from requiring the letter from the employer. It was becoming difficult to recruit new men and many of the general agents were returning to the part timer. Many employers refused to give the required letter. The argument was made that it is not so important for the life insurance man to be available at any hour of the day to his clients as it is for the fire and casualty agent.

administration of the pension trust."

The conference covered the whole field of pension trusts and presented a full explanation of current principles developed under new regulations.

## White and Cravens in Notable Talks at Agency Muster

### Continental Assurance Field Workers Listen to Insurance Leaders

At the annual agency convention of Continental Assurance of Chicago in its home city this week, Vice-president W. Edwin White, who is director of agencies, made one of the most important talks, taking a look ahead. He said this year will be a banner year for the company. At the end of six months the in-



W. EDWIN WHITE

crease in insurance in force reaches \$19,000,000. The gain in ordinary insurance in force in six months was greater than any half year of the company's history.

The average new policy issued for the first seven months of this year was \$3,497, an increase of \$213 or 6½% over last year. About 25% more applications were submitted than for the first seven months of last year and about one-third more in volume. Up to Aug. 10 the company had received 75% as much business as for all of August last year.

#### Producing Better Business

The agents also have been producing better business as indicated by the termination records. Terminations on ordinary business are the lowest in many years by volume. The rate is less than one-third of that in 1936. Incidentally, the termination rate has reduced each year since 1936.

"Last year agents were concerned with the fact that a large number of their eligible prospects were entering the armed forces," Mr. White said. "Producers had not adjusted themselves to current markets. People were unsettled. They had not become accustomed to war conditions. Producers generally were crying about the problems of producing business. The first of this year brought a complete change in attitude country-wide. While it probably was a gradual process that caused producers to find the best current markets and adjust themselves to working them, yet it seemed as if the change took place over night.

"It is an interesting and fortunate fact that if we will just dig them out, new markets always come to the fore when old markets for life insurance are lost

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## YES, HE IS INTERESTED

There are many reasons why it is a good thing for an agency office to keep writing personal letters to its underwriters who are in the service.

First and foremost, it is the friendly thing to do. Second, the underwriter is anxious to be kept in touch with his old office mates. Third, the agency wants its underwriters to return to work after the war. And fourth, the underwriter wants to be kept assured that he will be wanted after the war. This is all distinctly part of the national morale job.

Typical V-mail letter from overseas: "There isn't much news here, but I have a little time. If I make the most of these few minutes maybe you all will break loose and let me know what's going on at your end. I get the agency bulletin and the company bulletin. The annual statement came and I studied it last Sunday. The company seems to be doing O. K."

"How is my business—is it staying on the books? Is anyone selling more for me? Has my father paid my premium? Is that Art E — policy up to date? Ask Howard to convert that policy John A — has. I need money to pay my income taxes!"

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### THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLEY  
Chairman of the Board

JOHN A. STEVENSON  
President

INDEPENDENCE SQUARE, PHILADELPHIA

## Retraining Course Boosts Volume

### Mutual Life Recites Some of the Notable Accomplishments

Field men of Mutual Life of New York who have completed its new retraining course increased their average volume by 46% and their average number of applications by almost 25% in the first half of 1943 over the corresponding 1942 period. Average six-month volume was \$96,261 against \$65,787, while average number of applications was 29.6 against 23.7 for the 1942 period. In addition the average application was increased in size from approximately \$2,700 to over \$3,200.

"Comparing these results with those of the men who started with the course but dropped out or otherwise failed to qualify proves very revealing," J. Roger Hull, vice-president, said. "In the latter group, average volume declined by more than 19% over last year and the average application declined by \$500. This definitely establishes that the new retraining course of Mutual Life will result in more volume and more commissions for those men who follow through with it."

The retraining course is under the direction of Ben Williams, director of training.

## Changes Announced By Mutual Trust

In northern Michigan two new general agents are appointed by Mutual Trust Life. In addition a veteran general agent of many years' experience has, at his own request, returned to personal production. The former general agent who has now relinquished those duties is W. L. Boldig of Sault Ste. Marie, who has served Mutual Trust as an agency head since 1928.

The two new general agents are Ben W. Carlson of Iron Mountain and Irving A. Tollefsen of L'Anse. Mr. Carlson's new agency will have jurisdiction over Delta, Dickinson, Iron and Menominee counties, in which territory he formerly operated as a unit in the Boldig agency, while Mr. Tollefsen will be in charge of production activities in the remaining 11 counties in the Upper Peninsula.

Both of the new general agents have spent their entire life insurance careers with Mutual Trust. Mr. Carlson entered the business with the Boldig agency late in 1928 and his appointment now comes in recognition of his ability as an agent, as well as his years of service. Mr. Tollefsen entered the business in 1940 as a part-timer, becoming a full-time man shortly thereafter.

### Change at Minneapolis

An important change in the agency set-up in Minneapolis is announced. Paul L. Chelgren, who had formerly served as associate general agent in the M. O. Solberg agency at Eau Claire, Wis., takes over management of the Minneapolis agency. One of Mutual Trust's outstanding producers, Mr. Chelgren has had many years of successful experience in life insurance sales and organization work. Mr. Chelgren is a native of Minnesota and is a former long-time resident of Minneapolis. Last June Mr. Chelgren successfully completed the final portions of the C.L.U. examinations and now awaits official conferment of this designation.

The Allen-Neosho County (Kan.) Life Underwriters Association will meet Aug. 20 at Humboldt, the program to feature a sales demonstration by Arthur Krone, Aetna Life, and Ted Cronmeyer, Massachusetts Mutual.

## Income Statistics of Insurance Corporations Given

WASHINGTON—Corporate income statistics of insurance carriers, agents, etc., are disclosed by the Treasury Department in its annual statement of corporation tax returns for 1941, filed through Dec. 31, 1942.

The total number of returns of insurance carrier, agents, etc., corporations accounted for in the report is 8,590, of which 4,490 showed net income. Their total compiled receipts were \$1,974,048,000. Returns of these companies with net income showed total net income of \$183,646,000.

The total tax under these returns was \$36,561,000, normal tax \$23,873,000, surtax \$8,274,000, declared value excess profits tax \$100,000, excess profits tax \$4,314,000. Dividends paid in cash and assets other than own stock of these companies totaled \$107,116,000.

Returns of insurance carrier, agent, etc., corporations showing no net income numbered 3,728. Their total compiled receipts were \$1,756,679,000; deficit \$354,461,000; dividends paid in cash and assets other than own stock, \$16,658,000.

These two groups of returns are broken down in the Treasury statement as follows:

	Insurance Carrier Corporations	Ins. Brokers, Agents, etc. Corporations
Total number of returns	2,116	6,474
Returns with net income:		
Number	821	3,669
Total compiled receipts	\$1,778,591,000	\$195,457,000
Net income	146,687,000	36,959,000
Total tax	25,360,000	11,202,000
Normal tax	17,111,000	6,762,000
Surtax	6,271,000	2,004,000
Declared value excess profits tax	14,000	87,000
Excess profits tax	1,964,000	2,349,000
Dividends paid in cash and assets other than company's own stock	\$9,501,000	17,615,000
Returns with no net income:		
Number	1,132	2,596
Total compiled receipts	1,718,978,000	37,701,000
Deficit	352,276,000	2,185,000
Dividends paid in cash and assets other than own stock	16,422,000	235,000

### Ohsner Returns to N. W. Mutual

C. H. Ohsner, for the past two years general agent of Provident Mutual Life in Columbus, O., has again become associated with the Sterling Youngquist agency of Northwestern Mutual Life there. He became a Big Ten football "great" while attending Ohio University. After graduating in 1929, he entered life insurance with Connecticut Mutual.

In 1937 Mr. Ohsner became a special agent of Northwestern Mutual in the Youngquist agency and was one of its most substantial producers.

### Honor Mathaurs on Retirement

BOSTON—C. E. Mathaurs, Boston general agent of Monarch Life since 1915, who recently announced his retirement, was given a farewell testimonial dinner by the home office executives and the members of his Boston office staff.

President C. W. Young, Vice-presidents J. W. Blunt, Gurdon Gordon and R. C. Laub, Supervisor Richard Blaul, G. Owen Flint of the claim department and Branch Office Auditor A. N. Phelps represented the home office.

Col. Blunt presented Mr. Mathaurs a traveling bag, and Donald M. Emerson, representing the Boston agency, presented a sport jacket, humidifier and a set of pipes from Mr. Mathaurs' former associates in the agency.

E. T. Proctor, general agent Northwestern Mutual at Nashville, has been appointed chairman of the Davidson county war finance committee.

## General Chairman



C. RUSSELL NOYES

C. Russell Noyes, who will be general chairman of the annual meeting of the Life Advertisers Association, is editor of publications of Phoenix Mutual Life, the advertising department of which he joined in 1930. He has long been active in the affairs of the association, of which he served as treasurer in 1940-41. Mr. Noyes has also served as chairman of the membership committee and as member of other important committees. It was largely through his efforts that the New England chapter of the L.A.A. was formed.

## Probst Discusses Pension Trusts Before Ad Men

Pension trusts were discussed by William Probst, assistant to the vice-president of Penn Mutual Life, before the Keystone Group of the Life Advertisers Association. While there are a number of specialists on pension trusts, "no one yet can call himself an expert," Mr. Probst pointed out. "Pension" in this connection means simply a retirement plan while "trusts" denotes the instrument which makes the plan effective.

As an illustration of the safeguards which should surround the development of a pension trust plan, Mr. Probst drew an analogy with an iceberg, which is about 9% above surface to meet the eye, and 91% submerged, ready to wreck the plan.

The agent has no choice but to act as an adviser of the highest order. He must be both a salesman and a technician, as important in designing the plan as is the attorney. In fact, he must be prepared to guide the attorney in the insurance aspects of the case, Mr. Probst said.

If the agent clearly understands the operation of social security and all the elements of the plan constructed, he will then be in position to understand the law and the regulations. Mr. Probst believes that pension trusts are in line with the social trend in which security stands out paramount and that they are a permanent factor in the business.

### Advanced by Occidental, N. C.

W. H. Trentman, who has been vice-president in charge of agencies of Occidental Life of North Carolina, has now been made executive vice-president. He started with Occidental as a branch manager in West Virginia in 1926. Later he became supervisor of western North Carolina and in 1930 was made supervisor at Raleigh. In 1935 he was appointed director of agents and in 1937 was promoted to vice-president. He has been a member of the executive committee since 1938.

Cecil Woods, president Volunteer State Life, has been named chairman

## Believe 1,000,000 Bought U. S. Cover in Big Drive

WASHINGTON — Approximately 95% of men in the armed services, especially in the United States, it is estimated, are carrying National Service Life Insurance policies as a result of the drive recently concluded to get the men in under the deadline of August 10, set by Public Law 36. A million and more men were expected to be brought in by that drive.

Complete reports from the field, however, were not expected to be in the hands of the War Department before the latter part of August.

Since Aug. 10 medical examination is required before applicants can qualify for National Service Life.

Regulations covering the National Service Life system, having been drafted in the Adjutant General's Office, War Department, are reported going the rounds of other branches of the department or the Army for re-checking and possible modification to be incorporated in the regulations. However, issuance of the regulations is hoped for at no very distant date, it is said.

Early this month a drive was begun to get members of the new Women's Army Corps interested in National Service Life. To Col. Oveta Hobby, WAC Commander, was sold by Mr. Gen. Ullo, adjutant general of the Army, the first National Service Life policy issued to a member of the WAC.

National Service Life officials hardly expect that as large a proportion of the WAC will take out National Service Life as of male members of the armed forces. Nor that the policies taken out by members of the WAC will be as large, on the average, for the reason that a great many of the WAC members have no dependents.

### Arthur Louette Honored

A. C. Louette, executive vice-president and manager of agencies Peoples Life of Indiana, was honored in July, which is his birth month, and his 20th anniversary, as agency leader of the company. His field force produced \$1,200,000 for the month, showing their appreciation for his leadership. War bonds were given as prizes for the best production.

### Bridges Optimistic on Exemption

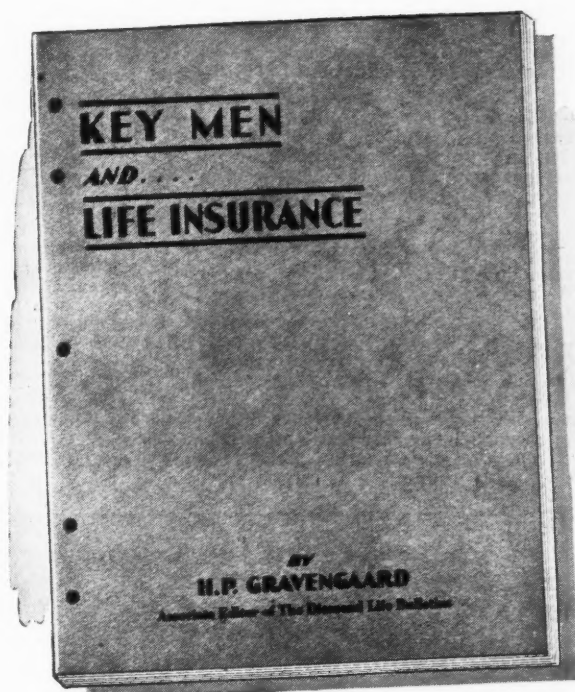
WASHINGTON — Senator Bridges of New Hampshire says chances are good for passage of his bill to exempt life insurance premiums paid by individuals up to 10% of income, with maximum of \$1,000, from income tax. He says the bill would help individuals trying to provide their own social security through insurance, would be anti-inflationary and "directly help the war effort because life insurance companies are putting most of their new money into war bonds."

### 50 Year Veteran Retires

H. A. Leggett, oldest employe of Mutual Life in point of service, was given a luncheon by officials upon his retirement after 50 years service. Mr. Leggett joined the company as an office boy in the files division, subsequently transferring to the old correspondence department. He was made chief clerk of the mails division in 1912, and in 1918 was transferred to the general information section of the Metropolitan Clearing House. He has been a member of the Mutual Life Combined Glee Clubs since its formation.

in Tennessee of the newly formed war finance committee, by the Secretary of the Treasury. The naming of Mr. Woods was the result of his record as Hamilton county chairman, when it exceeded its quotas every month.





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## N. Y. Life Top Club Officers Tell How They Get Business

NEW YORK—Brown C. Woodbury of San Francisco is president of the 1943 Top Club of New York Life, it is announced by Vice-President L. Seton Lindsay. Reflecting the nationwide increase of life insurance sales, Mr. Woodbury's \$1,500,955 paid-for business under club rules broke all New York Life Top Club presidential records since 1931, when the late Harold Peirce of Philadelphia held that post. During the club year, Mr. Woodbury delivered 317 policies, very few of which were over \$10,000.

New York Life reports a considerable increase in upper club membership although there were 853 fewer active agents on the company rolls this year, —most of these having entered the armed service. There is an increase of nearly 50% in women club members.

### Lurie First Vice-President

William C. Lurie, Brooklyn, is first vice-president-at-large of the Top Club, while Harry J. Talman, Boston, a former Top Club president, becomes chairman of the advisory board.

Mr. Woodbury joined New York Life in 1926, and soon became a leader on the Pacific Coast, maintaining consecutive Top Club membership for the past 10 years, being vice-president in 1941 and 1942. In July, 1943, he completed 127 consecutive months on the \$20,000-a-Month Honor Roll, an indication of his ability and methodical energy.

Mr. Woodbury has specialized in underwriting physicians and surgeons and can count most of the distinguished professional men in the San Francisco area as his friends. He considers enthusiasm, will power and organization as the three essentials for successful life underwriting, and through careful planning of his working hours was able to roll up a record-breaking sales production during the past year, writing comparatively small policies.

Mr. Woodbury charts his calls, study hours and recreational time a whole month in advance. On the last Sunday of each month he draws every prospect

file or card for the following month, breaking the calls down to weeks, and then to days.

At the beginning of each year Mr. Woodbury figures out how much business he wants to pay for that year. Then he divides the sum by 50, which gives him the amount of business he must write each week and still have two weeks for vacation. "Every Monday morning, I start out with the idea that I must get that much business that week," he explained. "If I don't it just means that I must keep going for one, two or more weeks thereafter until I catch up on my quota. If I write more, that's fine. I let it go at that and start out fresh on my regular quota the following Monday morning. You see, the excess gives me surplus business and a good profit at the end of the year."

Mr. Lurie joined New York Life in 1924. In the evenings he attended Columbia University and later studied at New York University for several years. He was vice-president of New York Life's greater New York department in 1941 and 1942.

### Increases Size of Case

In recent years, Mr. Lurie has been raising his sights. "I found," he said, "that it was no harder to write \$10,000 and \$20,000 cases than the smaller ones. After writing some of the 20's I aimed for higher levels and began to write some good sized cases."

"Programming has been very helpful to me. It has a strong appeal because a prospect then begins to realize that the face amount of insurance owned is not usually as important as the income provided and the length of time the income will continue. Many of my clients and prospects formerly felt that their life insurance job was complete when they owned substantial lump-sum insurance. Since I established suitable programs for them, they have taken a much keener interest in their insurance. Some are providing, in event of premature death, a life income for their widows so that they will never be dependent on their children. Others provide a specific income for their children while they are young, an additional amount for college education, and a sum to be set aside for graduation and wedding gifts. These and many other objectives have been arranged for in their programs."

### Mo. Governor Signs Guertin Legislation

The Missouri governor has signed the Guertin legislation on uniform non-forfeiture and reserve valuation standards. That completes the Guertin legislation program for this year. The law was passed and signed by the governors of 14 states. It was passed in New York but vetoed by Governor Dewey in a surprise move. In 12 other states very little if any legislation is required to legalize use of the Guertin formula.

### Felkel Protective Life Leader

Protective Life of Birmingham announces that 33 agents by virtue of production become 1943 members of the Protective Club. It is headed by Fred W. Felkel of Anderson, S. C., who by virtue of a million dollar production becomes president.

Mr. Felkel has been in life insurance in Anderson since 1909. He is a former member of the Million Dollar Round Table, having qualified in 1941. That year he achieved a world record by writing and examining 728 applicants in 35 days. He worked 16 hours a day and had one of the local doctors travel with him day and night. He has been a member of the App-a-Week Club for more than 20 years.

### Claims Dividends Used to Pay Premiums Not Taxable

DES MOINES—Mutual Benefit Life has filed suit against Commissioner Fischer of Iowa, the state treasurer and state comptroller, seeking return of \$378 premium taxes paid in protest involving dividends used to shorten premium payments or endowment periods.

The suit intends to obtain a clarification on such premium taxes following a state supreme court decision last year on dividends used to purchase additional insurance.

The high court held the state could not collect the tax on dividends used to purchase additional insurance. In that decision, the court stated the tax could be collected only for insurance stipulated in the contract.

The Iowa department contends that because of this ruling the taxes should be paid for the number of years stipulated in the contract.

### Profit Sharing Regulation

WASHINGTON—The National War Labor Board has ruled that employers' contributions to profit sharing trusts are not included within the exemption of insurance and pension benefits under the wage stabilization plan but should be considered as wages and salaries.

Regulations, however, "exempt insurance companies and pension benefits" from the stabilization program, WLB stated.

It said profit sharing trusts with pension features must be submitted for board approval, "but contributions to pension plans, or such, which meet the requirements of section 165 (A) of the internal revenue code, do not constitute wages nor salaries and thus are not covered by the wage stabilization program."

### Hurst Elected President

G. Cameron Hurst, educational supervisor New York Life, Chicago, was elected president of the Sales Research Bureau's two week school in agency management which was held in Chicago. Others officers are: Vice-president, William L. Robison, manager Mutual Life, N. Y., Minneapolis; secretary W. Roy Freeman, home office representative Life & Casualty; treasurer Arda C. Bowser, general agent National Life, Vt., Chicago.

### Fuller Heads West Coast Club

Cecil R. Fuller, Tacoma manager of West Coast Life, has won the presidency of its 1943 Field Club as leader in production the past year. Mr. Fuller started with the company eight years

## Would Replace General Motors Metropolitan Group with Cooperative Plan

FLINT, MICH.—Union pressure is to be exerted on General Motors Corporation, it has been revealed here, to replace with a cooperative insurance plan Metropolitan Life's present contract with the corporation covering its employees.

According to reports publicized here, the national negotiating committee of the General Motors department of the United Automobile Workers, C.I.O., is studying the cooperative proposal in line with a resolution adopted by the union's G. M. council, said to have been unanimously adopted by delegates representing 100 G. M. plants.

The resolution stated that the cooperative movement has established successful life, sickness and accident insurance organizations which provide sound and dependable policies at lower rates and that these cooperative plans return dividends to policyholders.

ago as an agent at Seattle, later becoming district manager at Aberdeen. M. E. Mickelson of the San Francisco agency is first vice-president.

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## A Helping Hand to the Navy

The Office of Naval Officer Procurement didn't even have to ask us! Commonwealth learned that in over-crowded Louisville the officer in charge was looking for a base of operations and Commonwealth jumped quickly to the rescue.

So now in the Commonwealth home office, on the second floor with the Agency Department, we have the Navy! And for as long as the Navy wants to stay.

This evidence of cooperation with the armed forces represents just one of the many ways in which this company is helping to speed the victory.

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Life

MORTON BOYD, PRESIDENT

HOME OFFICE LOUISVILLE



## Permanent Group Plans of Continental Assurance

W. E. White, vice-president and director of agencies of Continental Assurance, announces that it is now writing several plans of permanent group insurance. Among those offered are ordinary life paid up to 65 and insurance with retirement income at ages 60 and 65.

The company has been interested in this subject for more than a year and for the past several months has conducted test solicitations in selected localities. Mr. White states that the idea of permanent group insurance is being very well received and is particularly applicable for pension trust and 5% business under the salary stabilization legislation, with emphasis on pension business.

The plan is participating and dividends, which are available to reduce future deposits under the plan, pass on to the employer the savings due to low acquisition costs, low maintenance costs, and the generally wholesale nature of the coverage. Dividends on particular cases will take into consideration the actual mortality experience of the dividend group involved. Surrender charges are far below those on individual life insurance policies. Substantial non-forfeiture values are available beginning at the end of the first policy year.

### Each Contract Is Individual

It is not possible to quote one of these policies as being a standard form, since each contract is tailored to meet the needs of the case, including the appropriate vesting and other provisions determined by the circumstances of the employer involved. Each contract must be approved by the proper state insurance department before it can definitely be offered to any employer. However, certain general specifications for these policies can be outlined.

Some of the outstanding policy provisions are:

Provision is made for the naming and the changing of the beneficiaries of the individual certificates given to the employees. All of the usual settlement options are available for the payment of the proceeds of an individual certificate in instalments to the beneficiary. The settlement options are based upon 2½% guaranteed interest, plus participation in excess interest as earned and declared by the company, except for proceeds left on deposit with the right reserved to the beneficiary to withdraw the principal, where the guaranteed rate of interest is 2%.

Provision is made for the inclusion of all eligible employees who are at work on the effective date of the policy and for the addition of other employees as they become eligible—all without any evidence whatever of insurability.

### Two Conversion Options

Upon termination of employment, or upon the termination of the master contract, employees have two important conversion options:

a. The privilege of receiving either in cash or as paid-up insurance on the plan utilized in the master contract such portion of the accumulated equity under the employee's certificate as the vesting provisions may make possible, and the option of securing, without medical examination, ordinary life or any higher premium form of insurance for an amount which, with the paid-up insurance available, will not exceed the protection granted under the certificate. Such policy will be issued at the rates then in use by the company for the attained age of the employee.

b. Upon payment to Continental of the unvested portion of the equity accumulated under the certificate, to receive an individual policy dated as of the date of the employee's certificate, for an amount not to exceed the amount of the certificate on the same plan of insurance and at the same premium rate

as was used in the master policy at the time the certificate was issued.

Yearly renewable term insurance—the familiar form of group insurance—may be included in the same master policy as the permanent group coverage for the benefit of employees who have not completed the required period of service for participation in the retirement plan. On the anniversary of the policy next succeeding the end of the appropriate period of service, the employee is transferred from the A. R. T. basis to the permanent plan, without evidence of insurability, and is given a new certificate to evidence his rights.

In the event of the discontinuance of the master policy by the employer, all equities in the master policy revert immediately to the employees according to the accumulated equities under their individual certificates. They are then free to exercise the options mentioned above in the same way as if the entire value had been vested upon termination of employment.

The usual supplementary group coverages—accident and sickness, hospital-

ization, death and dismemberment, and surgical benefits—may be had in connection with the master policy.

Should the employer encounter a bad year and feel himself unable to continue to make his full contributions, he may reduce the plan of insurance temporarily or permanently to a combination of the paid-up insurance available under the individual certificates of the employees plus yearly renewable group term insurance for the difference, in the case of each individual employee, between the paid-up insurance available and the face of the certificate.

If the employer decides to so reduce the plan of insurance, he may within 13 months of this election reinstate the original plan by paying the difference between the yearly renewable term premiums which he has paid and the premiums for the full plan which would have become due in the interim, with interest, and going ahead with the plan just as if no hiatus had ever occurred. If the employer finds himself unable or unwilling to resume the plan within 13 months, he may subsequently, at the rates then in use by the company, start out with new insurance with retirement income policies for his employees corresponding to the term insurance which had been in effect since the original master policy was altered.

This last provision is of particular in-

### Application a Week for Past Sixteen Years

Every week for the last 16 years J. P. Newman of Lubbock, Tex., an agent of the West Coast Life has completed one or more applications for \$1,500 or more insurance. He has an outstanding record in this respect.

terest and importance, Mr. White declares, inasmuch as it does provide a method for employers to relieve themselves of a major portion of their pension burden during any year when such a step may become necessary because of decreased earnings. Normally, the cost of continuing the protection for the employees on the term plan will be substantially less than 20% of the cost if the pension plan is maintained. This leeway is a unique feature of Continental's policy, he asserted.

Alfred Foskett, assistant manager of the life department of the Rollins, Burdick, Hunter Company agency, Chicago, has been inducted into the army and reports to Camp Grant, Rockford, Ill., next Monday.



### "HE SHOWED US THE WAY TO FREEDOM FROM FEAR"

That uneasiness about the mortgage—about your wife and children in case anything should happen to you—can be ended so easily. The Great-West Life man will be glad to help you lay financial plans which will bring you Freedom from Want and Freedom from Fear.

As shown in this example of the Company's advertising, copy this year features the Great-West Life man. He is shown as one well qualified to provide the protection which assures both Freedom from Want and Freedom from Fear.

**THE GREAT-WEST LIFE**  
ASSURANCE COMPANY

Head Office—Winnipeg

Business in Force over \$725,000,000

=== LIFE INSURANCE === ACCIDENT & HEALTH === GROUP INSURANCE ===

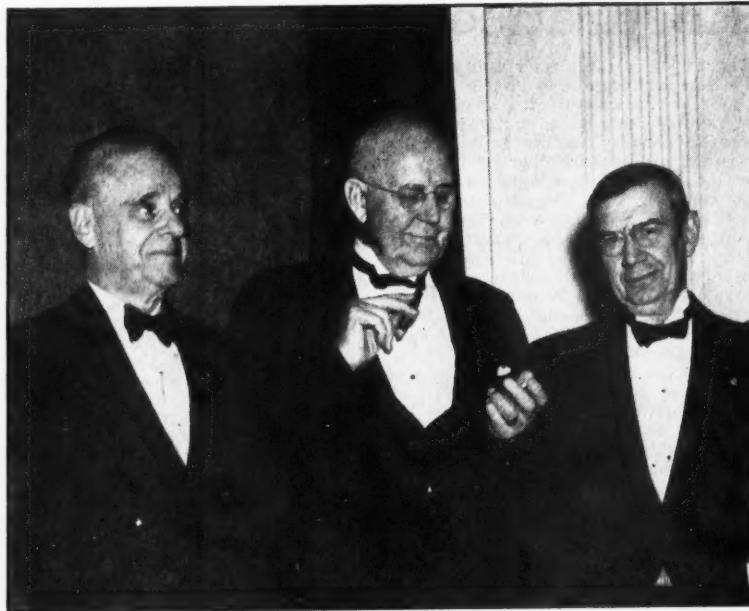
## Two Speakers for Claims Convention

Colonel Paul G. Armstrong, state director of the Illinois selective service system, and Averell Broughton, New York public relations consultant, will be the principal speakers at the annual business meeting of the International Claim Association in Chicago Sept. 13-14. Their addresses, the only formal talks scheduled, will be delivered at the opening session the morning of Sept. 13. Col. Armstrong will talk on "Trends in Manpower" and Mr. Broughton on "Public Relations—What It Is and What It Is Not."

### Background of the Two Men

Col. Armstrong, now on leave of absence from the Parker Thomas & Tucker Paper Co., Chicago, of which he was vice-president, has been active in the affairs of the American Legion, and is serving his third year as national vice-chairman. He was appointed head of the selective service system in Illinois three years ago. Mr. Broughton was an instructor at Columbia College for several years before entering the public relations field.

## Three Commonwealth Officials Retire



Left to right—Dr. Louis G. Weber, Louis G. Russell, I. Smith Homans.

LOUISVILLE — Three retirements from the managerial staff of Commonwealth Life will take place Sept. 1. Those who will relinquish their duties as officers are Vice-presidents Louis G. Russell and I. Smith Homans, and Dr. Louis Weber, assistant medical director. All have been associated with the company since it began business in 1905.

Mr. Russell has long been a prominent figure in industrial insurance circles, having prepared what the company claims to have been the first industrial policy in the history of the busi-

ness to contain full and immediate benefit provisions and a named beneficiary. Mr. Russell is the holder of Policy No. 1. Last month he celebrated the completion of 50 years in life insurance, having started as an agent of Western & Southern Life in Louisville. After 12 years as agent and assistant manager, he resigned to take over organization of the industrial agency department of the newly established Commonwealth Life.

### Mr. Homans' Career

Mr. Homans has for many years been a leader in actuarial circles, following in the footsteps of his famous father, who constructed the first American table of mortality. When Commonwealth was first established, Mr. Homans was with Union Central. For several years his connection with Commonwealth was as consulting actuary. He joined the company permanently in 1909, serving successively as actuary and assistant secretary, secretary and actuary, and vice-president. He prepared its first rate book. A graduate of Princeton University in the class of '96, he learned actuarial science in night school while he was employed by Mutual Benefit.

Dr. Weber has also been a figure known to all who were ever associated with Commonwealth Life. The holder

## Expect Treasury Clarification of Pension Rules

The Treasury Department is expected to clarify its pension trust regulations by indicating a precise method for integrating social security with pension trust benefits within the next two weeks. The subject is expected to be thoroughly covered from an actuarial standpoint and to be difficult reading for the uninitiated.

### More Ohio State Qualifiers

Six more leading producers of Ohio State Life have qualified for the company's honor club for the year. They are Robert Patterson, Akron general agent; W. H. Hecht, Celina general agent; T. B. Morris and Willard Morris of the home office agency, R. J. Geary of the Toledo agency and A. E. D'Emilio, Pittsburgh manager. Columbus led all agencies in July and Mr. Hecht the personal producers.

### Committee Chairmen Named

Committee chairmen for activities of the New York City League of Life Insurance Women have been appointed by Lillian L. Joseph, Home Life, president, as follows: Dorothy Boond, New York Life, ways and means; Rosalie Higgins, Equitable Society, publicity; Elsie M. Matthews, Connecticut Mutual Life, Newark, finance; Mildred F. Stone, Mutual Benefit, Newark, public relations; Edyth Milton, Equitable Society, membership, and Margaret Hasbrouck, John Hancock, historian. The first business meeting will be held Oct. 5.

of the second policy issued by the company in 1905, he assisted in its organization and sold the first stock when its organization was under way.

When asked to name the most conspicuous difference between the business today and 38 years ago, each was struck by the changed competitive practices. In those days, when most companies were young, competition was often bitter and violent.

M. H. LeVita, statistician of Fidelity Mutual Life, has been appointed comptroller of Commonwealth Life and will assume his new duties Sept. 1. A native of London, Eng., Mr. LeVita was educated at Temple University and the University of Pennsylvania. He is an associate of the Actuarial Society of America, has been active in the affairs of the Life Office Management Association, and is the author of the book, "An Arithmetic of Life Insurance."



★ **GEORGE SCHOEFFEL, SUPT. OF AGENCIES, OREGON MUTUAL, HAS FOUND AN IDEAL SUBSTITUTE FOR HIS ANNUAL "LEADERS' CLUB" MEETING.**

EACH OREGON MUTUAL "LEADERS' CLUB" MEMBER has been entered for R & R's "Advanced Underwriting Service" for the coming year, a company award.

THE STEP TRULY IS A FAR-SIGHTED ONE for each month's Service mailing will bring to the club member a constant reminder of Mr. Schoeffel's interest in his progress.

BUT MORE THAN THAT. To many members of the Oregon Mutual Leaders' Club, the award will mean a milestone in their sales experience. Once an agent is intelligently guided into the expanding fields of business and estate protection insurance, the production effects are permanent, continuing throughout his entire underwriting career.

IF AS A COMPANY EXECUTIVE, you face the problem of doing more for your good men so that they in turn will do more for you, you cannot do better than give serious thought to the plan Mr. Schoeffel has adopted.

**PAUL SPEICHER**  
Managing Editor  
**THE INSURANCE**  
**RESEARCH & REVIEW SERVICE**  
INDIANAPOLIS

## Brokerage Supervisor Wanted

Due to the rapid expansion of our organization and promotions from within (we are now the leading general agency of the company in paid-for volume, for the year to date), it is necessary to add a brokerage supervisor to our general agency executive staff.

Position offers unusual opportunity for advancement, because of the multiple advanced underwriting facilities of the general agency and the specialized services of the Pension Planning Company and the Estate Analysis Company.

Compensation will be based on salary plus overriding participation.

In writing for an appointment please state background, qualifications and draft status, including starting salary desired.

Please address all letters to my personal attention.

**Meyer M. Goldstein**  
**C. L. U.**

General Agent

**The**  
**Connecticut Mutual**  
**Life Insurance Co.**  
527 Fifth Ave., New York, N. Y.

## Craftsmanship

The performance of the craftsman differs from perfunctory execution as impressively as does a master portrait from a mechanical photograph.

A deft ability to combine opposite attributes in a manner that achieves maximum results with a minimum of obvious effort is the distinguishing mark of the true craftsman. He subtly fuses imagination with realism, precision with celerity, indomitability with tolerance, concentration with relaxation, compulsion with cooperation, dignity with cordiality, ambition with execution, success with continued progress. The true craftsman never produces less than his best—the inner spark that drives him onward from triumph to triumph is undeviating, unquenchable.

**AMERICAN UNITED LIFE INSURANCE COMPANY**  
FOUNDED 1877  
INDIANAPOLIS



## Polish Alliance Appeals Case to U. S. Supreme Court

Polish National Alliance, fraternal benefit society with head offices in Chicago, has filed its petition for a writ of certiorari by the U. S. Supreme Court asking for a review of its case against the National Labor Relations Board. The federal court of appeals recently held that the fraternal benefit society was subject to an order of the N.L.R.B. In the decision the court held that insurance is commerce.

The N.L.R.B. has until Sept. 10 to answer Polish Alliance's petition, the latter will then be given time to answer N.L.R.B., and then the court will decide whether it will pass on the case or not. The U. S. Supreme Court generally turns down more of such petitions than it grants, but Polish Alliance in its petition points out that whether insurance is commerce constitutes an important question of constitutional law and that the appellate court decided contrary to a long line of decisions of the U. S. Supreme Court.

The points made by Polish Alliance are that Polish Alliance is a fraternal benefit society and therefore is not an insurance company, that insurance is not commerce within the meaning of the commerce clause of the constitution, that use of mails and other means of interstate communication in issuing benefit certificates does not bring the society within the provisions of the National Labor Relations Act as "affecting commerce," etc.

Thus there may be two cases involving the question of whether insurance is commerce reaching the Supreme Court at about the same time, since it is expected that the department of justice will appeal Judge Underwood's sustaining of the fire companies demurrer and his quashing of the anti-trust indictments at Atlanta.

Casimir E. Midowicz and Ewart Harris are attorneys for Polish Alliance.

### Retirement Plans Submitted

OMAHA — Twelve life companies, National Life, Guarantee Mutual, Gen-

**AVAILABLE AS GENERAL AGENT**  
Successful personal producer, twelve years in business with present company, consistently among company leaders, paid business 1943 to August 1 is \$700,000.00. Thirty-five years of age, married, two children, draft classification 3-A. Location desired west coast, preferably Oakland. Box S-69, The NATIONAL UNDERWRITER, 175 West Jackson Boulevard, Chicago 4, Illinois.

### WANTED

General Agent in Northern Indiana by an Indiana Life Insurance Company. Splendid prospect leads available. If you have a general agent's qualifications, write us full details. All replies will be held strictly confidential. Address S-63, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED IMMEDIATELY

Group insurance man to develop production. Thoroughly experienced in all phases of group accident and sickness insurance by large middle west casualty company. Home Office and field experience desired. State qualifications and salary. All replies treated confidentially. Address S-68, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

Life opening in Seattle for aggressive life man with sales ability and good knowledge of life business including pension trusts group. Position involves development business from agents and brokers for new life general agency. Salary plus interest results. Box S-59, care The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

eral American, Northwestern Mutual, Bankers of Iowa, Bankers of Nebraska, Aetna, New England Mutual, Teachers Insurance & Annuity, Mutual of New York, United Benefit and John Hancock, have submitted proposals to the board of regents of the University of Omaha embodying retirement annuity plans for the 110 employees, authorized by the last legislature. Disability payments also are included. Cost will be borne jointly by the university and employees, with special arrangements for the elderly persons on the payroll.

### Cummings Is Kiwanis Speaker

O. Sam Cummings of Dallas, state manager of Kansas City Life, past president of the National Association of Life Underwriters and of Kiwanis International, in addressing the Wisconsin-Upper Michigan Kiwanis convention in Milwaukee said civilian as well as soldier morale is essential to winning the war and announced that the Kiwanis International is promoting a campaign through its 2,200 local clubs to "resell all Americans on American freedom."

Dr. J. Raymond Schutz, president of Standard Life of Indianapolis, also was a speaker.

## Retail Credit Has Elected Three New Vice-Presidents

The Retail Credit Company has elected three new vice-presidents: Howard B. Harmon, operating manager, P. G. Sanford, sales manager, both of whose headquarters are in Atlanta, and Lewis R. Sams, division manager in Chicago.

Mr. Harmon, a native Georgian and graduate of the University of Georgia, served overseas as a captain of infantry in the former war. Returning to this country in 1919, he was connected with Armour Packing Company, then with Procter & Gamble in Atlanta before joining the Retail Credit in 1922.

### Mr. Sanford's Career

Mr. Sanford, a native of Kentucky, has been with the Retail Credit since 1911 and during his more than 30 years of service has known a wide experience in the reporting business. He has spent much time in field work, in Chicago, Philadelphia and for 13 years in charge of the central division, with headquarters in Cincinnati. He was transferred to Atlanta in 1937 and

named assistant vice-president in charge of sales work. In 1939, he was elected a senior officer with the title of sales manager.

Mr. Sams, who is a Georgian, became a member of the Retail Credit home office, in Atlanta, 21 years ago. Later he was transferred to the Toronto office, as manager. In 1934 he was appointed a division manager. With the exception of a year's stay in Atlanta as assistant vice-president, he has remained in the capacity of division manager and has been located in Minneapolis, San Francisco and Chicago. As vice-president he will continue to reside in Chicago.

### Study Minn. Retirement Fund

ST. PAUL—After years of deficits in the state employees' retirement fund, the state of Minnesota has engaged Edward D. Brown, Jr., of Chicago, who has been with State Farm Life, to make a complete study of the fund and file a report by Dec. 1, 1944.

The experience of the Minnesota fund reveals the difficulties that beset such a pension plan when not organized and operated on an actuarially sound basis. Every legislature since 1931 has been called upon to appropriate funds to replenish the retirement fund, which today reports a deficit of \$1,300,000.



**"Well, This Explains EVERYTHING!"**

Eloquence consists of saying everything that needs to be said — and nothing more!

Lincoln Life's new condensed proposal forms are eloquent in their complete yet simple manner of presenting all the pertinent facts to the prospect.

Complete understanding of a life insurance contract at the time of purchase is a major factor in the production of quality business. Thus, these forms aid Lincoln Life men in writing such business.

**THE LINCOLN NATIONAL LIFE**  
**INSURANCE COMPANY**



Fort Wayne

Indiana

*Geared To Help Its Fieldmen*

## McNutt Outlines Social Security Eight-Year Record

On the eighth anniversary of the signing of the social security act, Federal Security Administrator McNutt said that "the program has proved its utility both in continuing and emergency circumstances."

"On the basis of eight years' experience, we should now prepare for postwar readjustments as well as for the permanent economic security of all the American people," he added.

"More than 60 million workers in industry and commerce have earned wage credits which count toward payments under the federal old-age and survivors insurance program," he said. "Total payments amounted to \$359,000,000 from 1937 to June 30 of this year, although only small lump-sum benefits were payable prior to 1940. The system is financially sound, is paying its way now and is building up reserves against the heavy drains of the future when millions of persons will be drawing regular monthly payments."

### Payments Total \$13.6 Million

"Payments made to 686,346 beneficiaries totaled \$13.6 million in June of this year. About 600,000 workers eligible for retirement benefits are still working, and thus have postponed drawing their benefits until later.

"Chief gaps and inequities in the present program are," Administrator McNutt said, "(1) lack of insurance protection against sickness and disability and against the cost of hospital care; (2) exclusion of some 20 million persons from coverage under old-age and survivors insurance and unemployment insurance; (3) absence of a uniform unemployment compensation system in place of the present 51 separate systems with varying benefit rates, contribution rates, and size of reserves which result in disadvantages and inequities to both workers and employers; (4) lack of coverage of needy persons other than the aged, the blind, and dependent children under the assistance program; and (5) variations in the amounts of assistance provided to individuals within a state and among the states.

The social security board's proposals for changes were summarized by Mr. McNutt as follows:

### Unified National System

1. Establishment of a single unified national contributory social insurance system to provide insurance protection for all wage and salary earners and their families, against the hazards of unemployment, temporary and permanent disability, costs of hospital care, old age, and death of the breadwinner. Self-employed persons would be included under all the provisions of this system except those relating to temporary disability and unemployment. (Decentralized operation of a national system could be secured through local offices, local appeals boards and local advisory councils.)

2. Maintenance of the social insurance protection of persons who have entered military service.

3. Extension of the present federal-state public assistance programs to cover all needy persons, as well as the aged, the blind, and the dependent children who are now eligible.

4. Provision for proportionately larger grants of federal funds to the poorer states so that they may make more adequate assistance payments to their needy.

The administrator characterized the proposals as "highly practical and completely appropriate to America's economy of free enterprise." He admitted that the costs would be large, but said "they are not new costs but merely an orderly, systematic way of meeting

## Pension Trust Plan Takes on Decidedly Political Tinge

WASHINGTON—There is considerable political background in the pension trust issue that has arisen between Senator George of Georgia, chairman of the senate finance committee, and Senator Taft of Ohio, member of that committee, and the Treasury concerning the regulations that are issued in connection with the pension trust law.

Whether or not the regulations are fair and logical may not be considered so far as the primary controversy is concerned. The law was passed by Congress and speaks for itself. Therefore the two senators and their followers declare that it is the will of the people's representatives. If there are any special disputes they should be litigated in the proper way and not decided by the bureaucrats.

Those that have read the article of Senator Joseph C. O'Mahoney of Wyoming, "America Is Being Made Over—and We Won't Like It," originally appearing in "Forbes Magazine" but summarized in the August "Reader's Digest," will understand how many statesmen are fearful of the future in that so much law is now being made by presidential order and edict. Senator O'Mahoney, it will be remembered, is a Democrat. He was chairman of the TNEC that was investigating life insurance, investment trusts and other institutions. He brings out in his article that in the last 10 years the executive branch has issued nearly 4,000 such orders. That number is almost equal to all laws passed in that period by Congress.

As a matter of fact, those in close touch with Washington appreciate the fact that these orders are inspired by bureaucrats that are associated with the different branches of the government. Many of them are intellectuals, so-called "trust busters," kitchen cabinet men, professors, academic thinkers. Many of the regulations which they have set forth in other departments are now law through presidential order. This ultimately may be the case with pension trusts. The regulations that have been issued may in time be sanctioned as law by an order from the executive. That is evidently what is in the minds of many people that are upholding the law itself but opposing the regulations.

### Honor Veteran Employees

Four veteran members of the home office staff of Northwestern National Life have been presented inscribed watches by President O. J. Arnold, recognizing their completion of 25 years of service. They are A. B. Lundquist, Leonard Lang, Miss Alice Burdick and Mrs. Ella R. Symmes. In past years veteran employees have been honored at the annual summer picnic, but the outing was not held this year and presentation of the service awards was made informally.

costs which must be met in any case."

Referring to the estimated contribution rates of 5 to 6% on workers and on employers to finance the expanded social insurance system, Mr. McNutt explained the employer's rate would be 6% in 1949 under the terms of the present Social Security Act. The increase will fall upon workers, whose highest rate under the present act would be 3%.

"We are convinced," he said, "that workers will be willing to pay the increased amount because they stand to get so much more in return. What person would not work with increased hope, initiative and confidence in the future if he knew that he or his family would get some income whenever earnings were interrupted or stopped because of unemployment, sickness, disability, old age, or death?"

## Taxpayer Is Not Entirely at Mercy of Commissioner

NEW YORK—Research Institute of America has issued a 48-page analysis on pension and profit-sharing plans. Directed to employers, it points out that while deciding whether to set up a pension, profit-sharing or stock bonus plan or to augment a present plan, and the general pattern of the plan, are problems for executive decision, the working out of the details almost invariably requires the technical assistance of the employer's attorney, his accountant, his insurance adviser, and if a trust company is to act as trustee, the trust officer.

In spite of the broad authority given the commissioner of internal revenue to disapprove pension plans, the analysis states that the taxpayer is not completely at the commissioner's mercy, since there are two important checks on the commissioner's power, however far-reaching it may be. First, on general principles of law, it is for the courts to decide whether the commissioner acted in the proper exercise of

his powers. They will refrain from substituting their own discretion for that of the commissioner but they will protect the taxpayer from an arbitrary exercise of discretion. Second, the statute itself mentions certain types of restrictions which will not be considered as discriminatory.

### Cases Intended as Instances

"These cases are by no means exclusive," the analysis points out in connection with examples of permissible types of discrimination. "They are intended to be instances only. They impose upon the commissioner the duty to decide in harmony with the spirit which they reflect. They do not constitute exceptions which must be narrowly construed, but serve the purpose of clarifying what Congress had, or better, did not have in mind when it referred to discrimination in eligibility. This authentic interpretation of the law by Congress itself is binding upon the commissioner and the courts will enforce it."

The analysis goes on to caution that the commissioner is not bound by the appearance of a plan but may scrutinize what on its face is a non-discriminatory plan in the light of surrounding circumstances, and may reject the plan as being discriminatory in fact though not in words.

# Compensation?

One of the BIG QUESTIONS we have not FULLY solved, but we do have a very USABLE PLAN—eight years old—that has made it possible for more than 200 men to come into Life Insurance work and succeed.

## A Combination Plan

THROUGH WHICH A PROMOTIONAL BONUS IS DISTRIBUTED ON A REGULAR ALLOCATION

- No Advances
- No Compromising
- No Liens on Renewal Account
- No Owning the General Agent

*It Works. It Is Our Plan*

We did not wait for committee action or association pressure

WOULD YOU LIKE TO KNOW THE DETAILS  
of the  
"BUILDERS OF MEN" Agency Plan?

Write A. B. OLSON, Agency Vice President

**Guarantee Mutual Life Company**  
Organized 1901  
OMAHA, NEBRASKA



## Calls Tax On Postponed Interest in Policy Unfair

Lucien H. Mercier, Washington attorney who is engaged in the advising on and setting up of individual policy types of pension trust cases, calls attention to a misquotation of some remarks he made and which appear on page 24 of the July 16 issue. Mr. Mercier says that, of course, the taxing to the employee of the cost of the insurance feature of any contract on his life, which generally never exceeds 5% of the employee's salary, would not in any wise interfere with these individual policy cases; that a great many cases were created under the old law prior to 1942; and that the bureau and court decisions under the old law were exactly to the same effect as the new regulations just issued by the commissioner.

### Mr. Mercier's Criticism

His criticism was that the new pension trust regulations failed to take into consideration the fact that in a great many cases, the employee and his beneficiaries have no vested interest in the insurance feature until after some years either in the service of his employer or of participation under the plan; and then the vested interest is only on a fractional and graduated upward scale as either years of service or participation increased. Mr. Mercier said he felt the regulations should have recognized this type of situation, and not make an employee pay a tax on funds used to purchase something in which his vested interest did not exist; and that the taxing of this cost to the employee should be postponed until the vested interest began to appear, and then only to the extent of the cost, percentage-wise, of that portion in which he did have a vested interest.

What Mr. Mercier said was that it would not be practicable any longer, probably, to create such types of plan "with a postponed employee and beneficiary interest" in the insurance feature of the contract. Mr. Mercier said that it would be difficult to make an employee see the fairness of this—that is, using what the bureau chooses to call his salary to buy something he did not own. Mr. Mercier said that what probably would have to be done, under the circumstances, unless the bureau could be made to see the light, would be to create these types of plans with a complete and immediate vesting of the rights to the insurance feature of the contracts.

### Dallas "Y" Boosts Life Insurance

Having recently honored Dallas life men at a dinner for their civic worth, the Dallas Y.M.C.A. is again giving them public recognition by turning to the life insurance business for its theme for the \$2,000,000 endowment campaign to be launched Sept. 2, "Insuring the Y to Insure the Future of Dallas." In campaign literature and publicity, it will feature life insurance as an ideal way to give the endowment fund and have the guaranty that the total the contributor plans to give will be paid whether he lives or not to make all the deposits.

## Seek Exemption from 48-Hour Week in Los Angeles

LOS ANGELES—Hugo Methmann, manager Fireman's Fund Indemnity, as chairman of the general insurance committee on the 48-hour work week, has filed with the War Manpower Commission here applications for exemption from the provisions of the WMC order putting in force the 48-hour work week for all employees of all establishments in Los Angeles, Ventura, Orange, San Bernardino and Riverside counties. The order is to be fully complied with by Aug. 22.

Individual applications accompanied the "brief" of the general committee, which set forth 14 reasons why the 48-hour work week is impracticable in insurance offices.

The brief was filed in pursuance of an expressed suggestion of the WMC that insurance, along with other businesses, file a group application to accompany the individual ones in order that the WMC might be better informed on the true situation existing from an authoritative source.

### Action of Subcommittee

This brief was prepared by a subcommittee of the general committee, consisting of T. Britton McConnell, Pacific Employers, representing the non-bureau companies, chairman; Hugo Methmann, Fireman's Fund, representing the bureau companies; George T. Conklin, Pacific Indemnity, representing the Southern California Automobile Conference; T. M. Branch, Aronson-Gale Agency, representing the Insurance Exchange of Los Angeles, and Harold G. Saul, general agent John Hancock Mutual Life, representing the Life Managers Association and Life Underwriters Association of Los Angeles. This subcommittee held five meetings to complete the brief.

Succinctly, the brief and the individual office applications asked for a continuation of the present work schedule and if that plea cannot be granted, then for a work week not in excess of 40 hours. Stress was placed on the fact that specialized training makes it difficult to shift employees to unfamiliar duties.

### Wofford Pension Session

Though his company does not write pension trusts nor group pensions, Manager H. L. Wofford of Prudential in New York City has invited 1,200 brokers to attend a session on pensions Aug. 17 at 3:30 p. m. at the Drug & Chemical Club which he is sponsoring as a service to insurance men in view of the widespread interest in pension plans. Speakers will be P. A. King of Prudential-Hall, who will talk on tax aspects of pension trusts and the effects of wage and salary law on employees' pension and other plans, and C. Jerome Weber, trust administrator of the Chase National Bank, New York City, who will discuss pension planning. Those attending are invited to bring their lawyers and tax accountants and to submit in advance any questions they would like to have answered.

## Guardian Life in New High Record For Half Year

A six-month steady increase in new business plus a new all-time high of \$538,982,230 insurance in force, made with a field staff reduced by 40% since the beginning of the war, is reported by President James A. McLain of Guardian Life. Accompanying these increases is a marked decline in number of terminations and loans, and an increase each month in repayments over the amount of new loans.

### Investment in Government Bonds

Death claims were up 20% during the first half of 1943 as compared with 1942, reflecting partly increased insurance-in-force, partly death-in-action claims and partly a slight increase in normal death rate. However, the mortality rate is still under the average for the past 10 years.

Investments in United States government and Canadian bonds totalled 90% of all life insurance premiums during the period, and exceeded the \$6,033,000 gain in assets for the period. One factor in this increase in government bond

## Ordinary Life Sales Up and Terminations Down

Sales of new ordinary life continue to run well ahead of last year, with production for June showing an increase of 30%. The total of \$632,597,000 is the largest June since 1937. These are estimated totals based on reports from 53 companies producing over 80% of the new ordinary business. These figures are released by the Sales Research Bureau.

Terminations for the second quarter of 1943 still show the same favorable downward trend as has been in evidence for some time. The rate of ordinary termination, for the quarter, expressed as a percentage of outstanding insurance in 87 companies with 87% of the total, was 3.7% of the ordinary in force on Jan. 1. For the half year, it was 3.8%. This is undoubtedly the lowest termination rate in history.

The annual rate of gain of insurance in force during the past half year was 4.10% of the insurance in force at the beginning of the year compared to 3.15% for the full year of 1942.

investments was the sale of part of the municipal and railroad portfolio.

President McLain stated that 52% of the male employees are in uniform.



## FULL SPEED AHEAD!

That was the order of the day after Pearl Harbor. Today America's unparalleled production means that thousands of workers have more surplus spending power than ever before. That provides an ideal market for Minnesota Mutual's PAYROLL DEDUCTION PLAN. Protection for both the worker and his family is paid at low monthly rates through easy payroll deductions. In over six hundred plants, the PAYROLL DEDUCTION PLAN is now operating with a minimum of expense to the employer.

A Quarter Billion Dollar, Mutual Company, 63 years old, with an understanding, cooperative Home Office invites inquiries.

## THE MINNESOTA MUTUAL LIFE INSURANCE COMPANY

Saint Paul, Minnesota

### MAN WANTED

Indiana special assessment Life, Accident and Hospital Company wants to employ a general Manager. To a person with real ability, who wants to work, an opportunity to build a profitable, permanent connection is presented.

Address S-49, care The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## EDITORIAL COMMENT

### The Atlanta Decision

The decision of Federal Judge Underwood of Atlanta in the S.E.U.A. case is most welcome to the insurance business. It relieves to a large extent the suspense that has existed now for nearly a year. In the fire insurance business particularly many decisions that should have been made were postponed because of the possibility that the Atlanta decision might in some way outlaw practices that have constituted common procedure. The shadow of suspense also hung over the casualty and even the life insurance business to a certain extent.

Judge Underwood's decision is as clean cut as anyone could have wished. To a lay observer the arguments adduced

by the government to short circuit the solid line of decisions commencing with Paul vs. Virginia seemed fantastic and almost whimsical and it is gratifying to find that side line observation so strongly reflected in Judge Underwood's opinion. Of course there remains the big hurdle, that of the U. S. Supreme Court, and until it speaks it is premature for the insurance business to become too highly elated and to assume that the accustomed way of operating is preserved. But it is by all odds more propitious for the insurance business to go up for the big test with a potent lower court opinion in its pocket than to be appealing an adverse decision.

### Evolution of the Service Concept

In view of the shifts in methods of compensating agents which are now being undertaken by many companies, it looks as if life insurance is on the brink of a new and very different era. It promises to be an era in which keeping the customer sold and properly serviced will rank much more nearly on a par with the original sale and will be paid for accordingly. New compensation plans are not going to work wonders overnight for it takes management, brains, initiative and decision to use a compensation plan as an effective tool. At the same time it is unrealistic to expect agents to select high quality business of a persistent type and then keep their clients properly serviced and convinced of the necessity of hanging on to their life insurance through thick and thin unless there is some financial incentive for them to do these things.

The whole question is tied in with service to the public, both in making sales and in keeping business in force and on the best basis to carry out the policyholder's wishes. The concept of service to the public as the guiding star of the insurance business may be sneered at by the cynical, piously mouthed by those who think that lip service is enough, or really put into effect by progressive executives who realize that true public service must keep pace with changing conditions and may not necessarily be the same today as it was only a decade ago.

A generation or so ago it was undoubtedly in the public interest that as many persons as possible be induced to buy life insurance. The country was expanding rapidly and life insurance had to expand with it or a needlessly large number of breadwinners would

have left their families unprotected. Though selling made greater demands on the agent's shrewdness and resourcefulness, because life insurance was by no means accepted the way it is today, there was nothing technically complicated about the sale. Life insurance was strictly a lump sum proposition. The concept of using it as income to replace earning power was still to come, and with the programming jobs that would call for a knowledge of options and a considerable amount of time working out the most advantageous program for the prospect.

Today, though far from the saturation point, life insurance has reached the level where it seems to be bucking the law of diminishing returns, not in terms of actual opportunities for sales but in respect to sales as compared with the service to the public to be rendered by the most intelligent and efficient husbanding of business on the books. As the amount of business in force increases, the amount of business to be watched over and serviced looms larger each year in comparison with new business, even though the latter shows a steady increase.

Not only is there this larger volume to service but the public, along with its greater appreciation of life insurance, is increasingly critical of faulty service. The policyholder of the future may be expected to judge a company not merely on its financial soundness and its favorable net cost but on the quality of its service work and the effectiveness of its efforts to convince its policyholders that they should keep their insurance in force in any circumstances except those of direst necessity.

In the Temporary National Economic Committee investigation the

probers laid much stress on the amount of life insurance that was "frustrated," as they phrased it. This was insurance that was dropped before it matured as a death claim or an endowment. They included much insurance that presumably had served its purpose before being dropped, but even so the amount of insurance that could be fairly regarded as "frustrated"—that is, dropped while the need for it still existed—looked unpleasantly large.

Industrial companies have given a good indication of what can be accomplished by intensive efforts to keep business once written on the books and in selecting buyers of a type that may be expected to continue paying their premiums. In spite of lower production for the first half of 1943 than in the same period of 1942—which in turn

was lower than for the first half of 1941—industrial agents are making more money than ever and lapses are the lowest in history.

Undoubtedly more industrial business might have been written if effective conservation had not eliminated the need to replace many lapsed policies. The same might be true in the ordinary field. It would be interesting to know how much of the volume of ordinary that is sold replaces insurance dropped at some previous time and how much that is applied for under such circumstances is declined because the applicant has become uninsurable. It would certainly be a much healthier situation to forego such sales if the need of them could be obviated by maintaining in force the earlier insurance.

## PERSONAL SIDE OF THE BUSINESS

**Don R. Hodder**, assistant to Insurance Director Fraizer of Nebraska, underwent an appendicitis operation and is recovering rapidly. Mr. Hodder, formerly an examiner, has been doing actuarial work for the past year.

**Jess G. Read**, Oklahoma commissioner, is spending two weeks at his old home, Scottsville, Ky.

**M. Hill Abernethy** of Cochran, Va., one of the premier producers of Northwestern Mutual Life, was renominated for a third term in the Virginia legislature in the Democratic primary last week, nomination being tantamount to election.

**Edgar A. Levesque**, agency assistant of the J. Bruce MacWhinney agency at Newark, N. J., for John Hancock Mutual Life, is resting comfortably after undergoing a serious operation. He is a former president of the Life Agency Cashiers' Association of Newark.

**Malcolm MacCallum**, general agent with Connecticut Mutual Life at Bridgeport, Conn., has been elected to serve a three-year term as a director of the Fairfield, Conn., Community Chest.

**Jack W. Lawrence**, manager ordinary insurance department of Prudential at Salt Lake City, is the father of a daughter, Sharon Laurene Lawrence. Mr. Lawrence is the father of two boys, one in the marine corps, and the other in the navy.

**Frederick D. Russell**, president Security Mutual Life of Binghamton, has been named honorary vice-chairman of National Bible Week, Oct. 11-17, 1943, representing the insurance industry.

Miss Virginia Moore, daughter of Mr. and Mrs. Warren Moore, Milwaukee, whose father is secretary of Old Line Life of America, was married to James Briggs. Miss Ann Vermillion, daughter of Gifford Vermillion, Chicago manager of Mutual Life of New York, formerly of Milwaukee, was the bride's attendant.

**A. M. Olinger**, a leading producer of the Du Bose agency of Old Line Life of America in Milwaukee, and Mrs. Olinger received considerable publicity in a full-page feature in Milwaukee

"Sentinel" based on the experiences of their daughter, Jeanne, yeoman 3rd class, with the Spars at Palm Beach.

**Irving T. Morgan**, vice-president of Northern Life, was feted at a dinner in Portland, Ore., at the close of a July campaign in his honor. J. C. Long, Oregon supervisor, was master of ceremonies. Guests included Commissioner Thompson of Oregon and H. O. Fishback, Jr., vice-president of Northern life.

First prize in Division B for floats in the fourth Minneapolis Aquatennial this year devoted to promoting sale of war bonds, was awarded to **Northwestern National Life** for its musical float featuring the chorus of home office girls under the direction of Miss Frances Jordan.

**Mrs. J. D. Randle**, district manager of the Lamar Life of Jackson, Miss., at Mobile since 1936, is the first woman under contract with the company to have \$1,000,000 of insurance in force. She has made this record since June 17, 1930, the date of her first contract.

**Elmo Walker**, secretary of Union Life of Little Rock, and Mrs. Walker have returned from a trip east during which they visited their son, J. Wythe Walker, who is a plebe at Annapolis. They stopped for a time at the Edgewater Beach Apartments in Chicago. The son is named for Elmo Walker's father, who is president of Union Life and of Progressive Life of Rogers, Ark.

**F. Phelps Todd**, vice-president of Provident Mutual Life, has been appointed vice-chairman of the third war loan drive in Philadelphia. **William J. Cummings**, of the Fidelity Mutual Life, heads the community division.

## DEATHS

**H. W. Bowles**, Massachusetts Mutual general agent at Bangor, Me., for 30 years, died there. He had been in ill health several months. Born in 1874, Mr. Bowles entered the insurance business in 1901, and 12 years later formed a partnership with W. G. Thomas, Mas-



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sachusetts Mutual general agent at Bangor. In the following year, he was appointed sole general agent. In 1934, the Portland agency was also placed under Mr. Bowles' direction.

**Homer F. Case**, 52, active in the insurance field for 20 years and special agent of the Aetna Life in Buffalo, died Aug. 2 after several weeks' illness. He served in World War I and entered the insurance business in 1923.

**Ronald McNeil**, 46, district agent of Old Line Life of America in Milwaukee for eight years and a veteran of two wars, died at his home from a heart attack. Born in Nova Scotia, he served overseas with a Canadian detachment in the first world war. Last July he enlisted in the United States army and served in the Aleutians until discharged in February because of an injury during an aerial attack. He had resumed his work with Old Line and was just beginning to hit his stride again.

**Howard T. Brace**, New York Life, Seattle, died following an operation. Mr. Brace was vice-president of the Seattle Association of Life Underwriters and had served two terms as treasurer. He was a charter member of the Seattle Life Insurance & Trust Council and a member of the Quarter Million Dollar Round Table of Washington.

**Lester V. Bailey**, 79, formerly president of the Bailey, Barnes, Burnham Co. agency of Worcester, Mass., and in recent years an independent broker, died at his home in Worcester. He had been in the insurance business 50 years. In his earlier years he was with Provident Mutual Life and Massachusetts Mutual Life.

**F. H. Pulfer**, vice-president of Globe Life of Chicago in charge of the company's special annuity plan, died Saturday. He was formerly vice-president of the old Fidelity Investment Company in charge of agents. The Globe Life's policy is based somewhat on the Fidelity Investment contract but buttressed for safety. He had interested some of

## Receives Highest Canada Life Award



President A. N. Mitchell (right) presents the President's Award Trophy to Manager R. A. Sanderson of Vancouver, current winner of the Canada Life's highest award for efficiency in branch management. The presentation took place at a meeting in Vancouver.

the old Fidelity Investment salesmen in the work. He was 51 years of age and a graduate of the University of Indiana.

**Arthur Nordstrom**, 40, who was deputy Minnesota commissioner under Frank Yetka, died at Pasco, Wash., where he was employed as an army auditor. Mr. Nordstrom was with Martin Imm, St. Paul general agent after leaving the insurance department.

**Ben Weenick**, 48, treasurer of Cosmopolitan Life of St. Louis, died there from complications that followed an operation early in June.

**Arthur H. Armstrong**, 44, for 16 years Portland, Ore., representative of Travelers, died.

**Julie J. Thirion**, 79, a 29-year veteran of the Wilmer M. Hammond general agency of Aetna Life in Los Angeles, died.

and beneficiaries in the first half were \$26,843,789. Of this total \$11,009,332 was paid in death benefits while the balance of \$15,834,456, or 59%, of the total, was paid to living policyholders.

## Great-West Sets Record Pace

With favorable results for the first six months followed by an outstanding July, Great-West Life expects a record year.

On June 30, first year premiums paid in cash showed an increase of 53%. Earnings of agents increased 32% in the first six months, although there are fewer men in the field. Cash renewal premiums have reached a new high and cash interest income from investments is also up materially. Total cash in-

come over disbursements was ahead \$2,500,000.

Payments to policyholders are down as a result of a favorable mortality experience and an improvement in surrenders and forfeitures.

Business in force at the end of July passed the \$728,000,000 mark, an increase of over \$30,000,000 for the year, compared to an increase of \$15,000,000 for the first seven months of 1942.

Every province and state in which Great-West operates shows increases in force, Illinois having the largest gain, almost \$4,500,000.

Accident and health business is becoming a factor of increasing importance and expanding business totals give evidence of a healthy interest in this new division.

## Berkshire Life Reports Numerous Increases

Berkshire Life has reached all time high in the volume of insurance in force. In the first six months premium income increased \$300,000 over that period in 1942. Assets increased approximately \$2,000,000 in six months, although the normal increase is around \$2,500,000 a year. The company expects to reach the \$75,000,000 asset mark by the end of 1943.

Terminations and lapses for the year to date are lower than ever before in a comparable period. New business in five months showed a gain of 36%, and annuity business, coming mostly from pension trusts and not included in insurance in force, showed a large increase.

## Old Line's Half-Year Record

Old Line Life of America reported life insurance in force of \$89,769,875 as of June 30, and a new high of \$26,412,504 in admitted assets. Second quarter net gain of life insurance in force was \$449,073. Accident and health also showed a gain over first quarter premium volume.

For the first six months, payments to policyholders totaled \$801,846. So far deaths of policyholders in military service and those reported "missing in action" have been low.

## Build YOUR OWN AGENCY, OR BOOST YOUR INCOME . .

### Here's How:

The Wisconsin National helps you to success and security. It offers a new and attractive life agency plan with a group of select and salable policies—diversified policies—Life, Accident and Health.

Or, you can boost your present income. The Wisconsin National has the policies that will secure increased income for you through new business as well as renewals. Your commissions will be most liberal, supplemented by prompt claim service.

★ For contract and territory in Wisconsin, Illinois, Minnesota, Michigan or Indiana, address Agency Manager.

LIFE ● ACCIDENT  
● HEALTH ●

**WISCONSIN NATIONAL  
LIFE INSURANCE COMPANY**  
OSHKOSH, WISCONSIN

## COMPANIES

### Substantial Gains for Penn Mutual

Penn Mutual Life in the first half of 1943 showed substantial gains in new business, an increase in force and a surprisingly favorable mortality experience in spite of war casualties.

Paid life business for June increased 21%, continuing the monthly gains since March, in spite of the severe drain on the agency personnel.

Penn Mutual's lapse and surrender rate was the lowest in history. With \$56,926,833 in new business, insurance in force totaled \$2,055,573,517 on June 30.

During the first six months, 73% of Penn Mutual's new security investments were in U. S. government obligations which now total \$255,017,820 or 29% of total assets. Canadian government obligations represent about 10% of new security purchases, totaling \$23,603,613. In addition, approximately \$12,800,000 of corporate securities issued by railroads, public utilities and other industries were purchased.

Assets on June 30 were \$873,633,523, a high point in history.

The mortality rate was surprisingly close to the average of the last five years. If war deaths were eliminated, the mortality rate would be considerably below average as death claims of \$622,069 were paid on 150 lives in the first six months. From Pearl Harbor to date, war death claims, including cases reported "missing in action," have totaled 321 for \$1,336,924.

Total benefits paid to policyholders

## MUTUAL TRUST LIFE INSURANCE COMPANY

HOME OFFICE  
CHICAGO



FIELD BUILDING  
ILLINOIS

*"As Faithful as Old Faithful"*

STILL 3% RESERVES—STILL 3% OPTIONS

The States In Which It Operates Indicate Its Character:

West	East
Connecticut	Illinois
Maine	Indiana
Massachusetts	Iowa
New Hampshire	Michigan
New Jersey	Minnesota
New York	North Dakota
Pennsylvania	Ohio
Rhode Island	Washington
Vermont	Wisconsin

MEN WHO BELIEVE THEY HAVE GENERAL OR DISTRICT AGENCY QUALIFICATIONS MAY OBTAIN FULL PARTICULARS BY ADDRESSING THE AGENCY DEPARTMENT.

*Nothing Better in Life Insurance*

## LIFE AGENCY CHANGES

### Ferguson Opens New Chicago Office for Occidental Life

Hamilton Ferguson will open a new Chicago general agency for Occidental Life of California in the Field building on Sept. 1. Mr. Ferguson who has been at Occidental's home office where final arrangements were completed, will resign his position as division manager which he has held for the last 15 months.

Occidental will now have two Chicago offices, both with complete facilities for handling life, accident and sickness and group business. The branch at 1 La Salle street continues under management of Alan E. McKeough. Mr. Ferguson's agency will handle complete brokerage lines as well as full time organization.

Mr. Ferguson is returning to the agency field where he had a highly successful career before going into home office work some 10 years ago. While in college he completed his education by means of selling insurance. He then becomes an accident underwriter for U. S. F. & G. in Chicago. Later as Chicago manager for Midland Casualty, he led that company in production 60 times in 66 months. When Great Northern Life reinsured Midland Casualty in 1927, Mr. Ferguson took charge of Chicago development for Great Northern. Later he joined the home office staff of Great Northern. He resigned this post to join Occidental early last year.

Mr. Ferguson was one of the prime movers in the organization of the Chicago Association of Accident & Health Underwriters, which he served first as secretary and later as president. He is also well known in the Health & Accident Underwriters Conference as chairman of the 1939-40 agency management committee. He was one of the stalwarts in the early days of the National Association of Accident & Health Underwriters and served as secretary in 1935, president in 1939-40 and chairman of the executive board in 1940-41.

### Dunbar Succeeds Hoene in Duluth

William C. Dunbar, district agent of Northwestern Mutual Life at Fort Wayne, Ind., for 11 years, has been appointed general agent in Duluth to suc-

ceed the late Arthur C. Hoene. Mr. Hoene died June 6 after a long illness.

He had been with Northwestern Mutual 36 years, 30 years as general agent in Duluth.

Mr. Dunbar became a special agent of Northwestern Mutual in 1931 at South Bend, Ind., and was promoted to district agent at Fort Wayne 15 months later. He has developed one of the company's leading district agencies with annual production running as high as \$1,000,000. He successfully completed all sections of C.L.U. examinations in June. He has been president and a regional director of the company's District Agents' Association.

Born in England, Mr. Dunbar also lived in India and Scotland before going to Canada in 1912. In the first world war he served in the Royal Flying Corps for three years and now holds a commission in the Indiana Civil Air Patrol.

### Lee Tradition Is Perpetuated in Dallas

Union Central Life has appointed sons of J. Early Lee and of William B. Lee as general agents at Dallas, thus perpetuating the Lee general agency tradition. The new general agents are Ingram Lee, son of William B. Lee, and Hamilton I. Lee, son of the late John Early Lee. This is not a partnership but both general agents will occupy quarters in the same headquarters.

Ingram Lee will undertake at once the rebuilding of the Dallas agency which has lost most of its personnel to the armed forces. He will also be in charge of premium collections. Hamilton Lee is presently serving as a captain in the army air corps. Following the war he intends to devote his attention to expansion and service of the personal clientele which he has developed over more than a quarter of a century with Union Central.

Ingram Lee attended Harvard and graduated from Massachusetts Institute of Technology. From 1924 until 1936 he was engaged in the textile business in Texas and in the latter year entered the life insurance business as agency superintendent of the Lee & Lee agency.

Hamilton Lee graduated from the University of Texas in 1911 and went with the Lee & Lee agency in that year. He served in the first war as a lieutenant on active flying duty in

France. During his 32 years with Union Central he has paid for more than 1,200 cases for a total of nearly \$10,000,000. He has had the unusual record of having only one policy returned undelivered.

The old Lee & Lee agency terminated upon the death of J. Early Lee and the retirement just a few weeks later of William B. Lee upon attaining the age of 70. It is odd that although William B. and J. Early possessed identical surnames they were not related. They joined forces in 1895 at Birmingham as general agents for Northwestern Mutual. Twelve years later they moved to Texas to take over the Northwestern's agency at Dallas. Subsequently when Northwestern withdrew from Texas Lee & Lee became general agents for Union Central in 1911. William B. Lee was born at Covington, Ga., and graduated from Emory University at Oxford, Ga., in 1893. He taught school for two years before becoming a partner of J. Early Lee.

### J. E. Henderson to South Bend for Indianapolis Life

James E. Henderson, who has had 16 years of successful experience with New England Mutual in New York City, has moved to South Bend, Ind., to open an office for Indianapolis Life at 217 West Washington.

Mr. Henderson has a degree of LL.D. from St. Lawrence University. In the first war he was decorated with the Mons Medal.

He joined the Allen & Schmidt agency, now the H. Arthur Schmidt agency of New England Mutual, 16 years ago and has been a large personal writer.



J. E. Henderson

### Metropolitan Announces Two Eastern Appointments

Raymond E. Shepard, formerly manager of Metropolitan Life in New Britain, Conn., has been placed in charge of the district office at Stamford, Conn., to succeed H. S. Hodgdon, who is on disability sick leave.

A native of Meriden, Conn., Mr. Shepard attended Jones University before entering the business world in 1915. His wide experience was gained in

Bridgeport, Conn., with prominent enterprises. In 1922, he joined the Metropolitan Life as an agent in one of its Bridgeport offices. In slightly under three years he won a promotion to assistant manager, and, in 1928, was appointed a manager. In that capacity, he has headed district offices in Williamantic, Conn., Fall River, Mass., and New Britain.

### Stern to New Britain

Louis F. Stern, formerly manager in Fall River, Mass., has been transferred to New Britain.

A native of New York City, Mr. Stern attended Yale University. Upon completing his junior year in 1925 he applied to the Metropolitan for an agency and was assigned to the staff of one in Bridgeport, Conn. Two years later he returned to Yale to complete his studies. He received his degree in 1928, and immediately resumed his career as a Metropolitan agent. In 1933 he was promoted to an assistant managership in Bridgeport, and shortly afterward was made a general assistant manager in the New England states. In 1936, Mr. Stern was made an agency sales supervisor, and within two years had earned the appointment to manager. As such, he has managed district offices in Gloucester and Fall River.

### Appointments Announced by Jefferson Standard

L. O. Murphy has been appointed manager for the Jefferson Standard Life in Meridian, Miss., with offices in the Threefoot building. He has been with the company since June, 1938, and last August was appointed district manager in Hattiesburg, Miss.

E. A. Sellers has been appointed manager in Nashville, with offices in Stahlman building. He goes to Nashville from Meridian, Miss., where he has served as manager since July, 1942. Before that he was district manager at Jackson, Tenn.

### Steed Opens New Cal. Agency for Beneficial

Beneficial Life is opening the A. Merlin Steed agency in Glendale, Cal., its fourth in the state. Mr. Steed entered life insurance with the Roy Utley general agency of Los Angeles in November, 1941, and in his first 14 months produced \$1,100,000 and qualified for the company's Millionaire Club. So far this year, Mr. Steed leads the field force and is likely to reach the million dollar mark.



WILLIAM C. DUNBAR

ceed the late Arthur C. Hoene. Mr. Hoene died June 6 after a long illness.

# THE MANUFACTURERS LIFE

## COMPLETE BROKERAGE FACILITIES

All Life, Endowment and Annuity Plans.  
Favorable Par. and Non-par. rates.  
Standard and Sub-standard risks.  
Facilities for handling large cases.  
Civilian Foreign Travel Coverage.  
Annuities — Single Premiums up to \$100,000.  
Prompt and Efficient Service.

INSURANCE IN FORCE, 672 MILLION DOLLARS  
(Including Deferred Annuities)  
ASSETS, 221 MILLION DOLLARS

INSURANCE COMPANY  
HEAD OFFICE  
TORONTO, CANADA  
Established 1887



Mr. Steed was formerly a sales manager for an electric appliance concern.

Because of the increased population in southern California and the Beneficial Life's increase in production, it was found desirable to establish a second general agency.

#### Northern Life Changes

Harry Crow, manager of the Everett-Bellingham, Wash., branch of Northern Life, will assume new duties at the home office in Seattle on Sept. 1. Mr. Crow has been on leave of absence for some time due to ill health. Mr. Crow has taken an active part in C.L.U. work and he will assist in educational work at the home office.

Milt Dainard, who has been with Northern Life since 1922, has been named manager of the Everett-Bellingham agency. He has been a consistent member of the Tower Club and has assisted Mr. Crow in agency work.

Armin Morgan, who has been with Northern Life 13 years will assist Mr. Crow.

Ross Chastain of the Seattle agency has been appointed manager of the southern Idaho district with headquarters at Boise.

#### Coffman to Northwestern Mutual

Stanley K. Coffman, who has been general agent of State Mutual Life in Columbus, O., has become associated with Northwestern Mutual Life there. He had represented State Mutual since 1938. He entered life insurance in Huntington, W. Va., in 1913. At one time he was with Connecticut Mutual.

#### Parker San Antonio Manager

Bruce Parker, with the San Antonio agency of California-Western States Life since its opening and a leading producer for several years, has been appointed San Antonio manager of that company.

## COMPANY MEN

### Chiswell Returns to Helm of Peoples Life of Washington

WASHINGTON—At a meeting of the directors of Peoples Life of Washington, W. W. Chiswell, chairman of the board, was elected president to succeed the late F. F. Leith. S. W. Hauser was elected vice-president and treasurer; W. W. White, secretary.

Mr. Chiswell was a founder of the company in 1903 and served as president until his retirement at the end of 1942, to become chairman.

Mr. Hauser, formerly examiner in the Virginia insurance department, joined Peoples Life as actuary in 1935. In

1938 he became assistant secretary and in 1940, secretary and treasurer.

Mr. White has been with the company many years in charge of the ordinary department, which assignment he retains in addition to the secretaryship.

#### Promotions Announced by Jefferson Standard

The Jefferson Standard Life has made the following promotions:

Carlyle Gee, assistant to the secretary, has been made assistant secretary. He has been with the company since 1925, and was manager at Columbia, S. C., prior to being transferred to the home office several months ago.

O. R. Brockmann, auditor, has been chosen assistant secretary. He joined the company in 1923 in the accounting department. He was appointed agency auditor in 1931 and in 1936 was made auditor.

W. P. Burgess, manager of the premium notice department, has been appointed assistant secretary. He has been with the company since 1917, and has gained experience in several departments.

S. C. Tatum, assistant actuary, has been promoted to associate actuary. A graduate of Wake Forest College, he joined the actuarial department in 1926. In 1932 he was made assistant actuary.

E. M. Jackson, assistant actuary, has been made associate actuary. He joined the company in 1926 in the actuarial department. In 1932 he was made assistant actuary. He is a graduate of Wake Forest College.

#### Supreme Liberty Presidency

The directors of the Supreme Liberty Life of Chicago, the Negro owned and operated company, will not meet until October to elect a president to succeed the late Harry H. Pace, who was an outstanding figure in the company and in Negro insurance circles. T. K. Gibson, chairman of the board and treasurer, is the executive head of the company until a permanent president is elected. It seems likely that he may be chosen as president.

## CHICAGO

#### CALHOUN AGENCY NO. 1

The Charles W. Calhoun agency of John Hancock Mutual is the first office to qualify for a 100% membership certificate in the Chicago Association of Life underwriters during the new fiscal year.

#### MANHATTAN LIFE EXPANDS

Manhattan Life is making good progress in Chicago. C. R. Corcoran, field assistant, makes his headquarters there and also manages the Chicago agency. He is a home office man and has eight full time agents working in Chicago. He went to the city three years ago and has done some splendid organization

work. He handles the agency's activities in the central west. He will shortly enlarge the Chicago office.

## COAST

### Los Angeles Attorney Urges Closer Cooperation

LOS ANGELES—At the August meeting of the Los Angeles Quarter Million Dollar Round Table, Lloyd Wright, local attorney, stressed the need for a closer relation between the life agents and attorneys in business and estate problems.

The client's interests can be better served with the joint action of the life agent and attorney where their common knowledge is pooled in solving the client's problem, Mr. Wright declared, suggesting that the public relations committee of the Los Angeles Association of Life Underwriters arrange a meeting with the bar association with the aim of fostering a closer cooperation.

Mr. Wright spoke of the threat to the American way of living now being evidenced by the growth of bureaucracy, which, if left unchallenged, "can easily carry us to the road of state socialism." He admonished life agents to take cognizance of this danger and to inform their policyholders that their stake in America and in their insurance policies is seriously threatened by this trend.

#### Hammond Agency Celebrates

LOS ANGELES—The Wilmer M. Hammond general agency of Aetna Life

has held a breakfast to celebrate its \$1,000,000 of new life insurance written July and its seven months substantial gain.

J. E. Griffith, Jr., secretary of the group department of Aetna Life at the home office, is visiting the Hammond agency.

#### Shepard Leads Lincoln National

LOS ANGELES—W. T. Shepard, general agent Lincoln National Life, led all agencies of the company for the first six months.

## POLICIES

#### Non-Medical Is Liberalized

Connecticut Mutual Life has further liberalized its non-medical privilege with a reduction in the age limit for applicants, both male and female, to nearest age 10 at date of application. Formerly the age limits on male applicants were 14-40, and on female applicants, 16-40. The usual limit of \$5,000 maximum on a life applies at all ages.

#### Ohio State Writes from Birth

Ohio State Life will now accept applications on juveniles from day of birth. The rule concerning the seven-day waiting period is no longer in effect.

Percy F. Maddock has been elected president of the "Leader's Club" of the Rasmussen agency of Penn Mutual in Newark.

• From our advertisement in the Saturday Evening Post •

## The Light to see ahead . . .

The best things happen to those who prepare for the worst.

*Preparation is the secret of security.* Don't let present hardships deceive you into thinking you cannot make the grade.

*The light to see ahead, the will to go ahead, the heart to keep ahead, lie within you.*

And one of the greatest aids to your progress is the possession and the consciousness of *life insurance*.

*For ninety-eight years* The Mutual Benefit has been known for its leadership in making life insurance do the most efficient job for those who buy it . . . initiating continually broader bases of protection . . . meeting in an ever-expanding way changing family needs . . . and wherever practicable, extending new benefits to all policyholders.

HOME OFFICE



NEWARK, N. J.

THE MUTUAL BENEFIT LIFE  
INSURANCE COMPANY

★ ★ ★ ★ ★  
**OUR CONTRACT PROVIDES FOR OVERHEAD EXPENSES**  
(For The Qualified Producer)

We Have a Kit of Up-to-date Policies.

General Agency openings are available in Arkansas, Iowa, Missouri and Nebraska. For further information write to our Agency Department.

**MUTUAL SAVINGS**

MISSOURI'S FIRST WHOLLY MUTUAL LEGAL RESERVE COMPANY  
*Life Insurance Company*

3207 Washington Boulevard, St. Louis, Missouri  
Allen May, President

## NEWS OF LIFE ASSOCIATIONS

### Army Major, Former Life Man, Cites Opportunities

SAN ANTONIO—Maj. Arthur S. Mitchell of the quartermaster's department at Fort Sam Houston, past president of the South Dakota Association of Life Underwriters, in addressing the San Antonio association stressed the need for more education of men in life insurance and declared that they can not get by on personality. He spoke of the various groups of prospects in San Antonio, who are different from those around other army centers which have a reasonable industrial and business development.

He pointed to the thousands of new residents who have come to San Antonio because of government work and who do not have contacts among local insurance men as offering a golden opportunity for the life insurance man. He said that due to the shifts on which these workers are employed the alert prospector may have evening calls at all hours of the day.

He urged that life insurance men take advantage of the juvenile field, which makes an appeal both to parents and to grandparents.

Major Mitchell then referred to the number of residential additions being developed around the city and suggested mortgage insurance as an especially rich source for prospects, calling for policies of \$5,000 and up on the higher premium plans.

Small business firms were suggested as constituting another important market both for the key men or partners, and for salary deduction plans for employees. He emphasized the value of young clerical workers who have their first salaried position as a source of prospects which will grow in value as these workers advance.

He said many men in the armed forces have only government insurance and suggested that they offer an excellent market for permanent insurance. He also pointed to the wives of many men now working while their husbands are in the army as being in a position to buy and pay for insurance.

He referred to the numerous retired personnel making their homes in San Antonio as offering an opportunity to sell annuities, so that when the government pension ends because of the death of the husband the wife may be placed on the pension rolls of the life companies.

### Lee, Andrews Speakers

WILSON, N. C.—At a meeting here of the Eastern North Carolina Life Underwriters Association, Laurence F. Lee, president of Occidental Life of Raleigh, speaking on "War Time Selling," declared that "one of the greatest forms of combat against inflation and one of the best ways to combat this danger is insurance."

W. H. Andrews, Jr., of Greensboro, N.A.L.U. secretary and chairman of its committee on war savings, spoke on "Sale of War Bonds," and Joe S. Babh of Durham, secretary of the North Carolina association, on "Why a Local Association?" A resolution was adopted, endorsing the post-war planning policy presented to Congress by Rep. James W. Fullbright of Arkansas.

The Wilson association served as host and Tollie E. Epps, local president, presided. Representatives of the Wilson, Raleigh, Rocky Mount, Goldsboro and Greenville associations attended.

### Orson Kelly Idaho President

The Idaho Association of Life Underwriters held three separate meetings throughout the state for the election of officers for the ensuing year.

Orson A. Kelly, general agent of Western Life, was elected president. Frank Briggs, United Benefit Life, was elected vice-president, and C. E.

Thomas, manager Metropolitan Life, Boise, secretary.

At the meeting in Boise a luncheon followed the morning session and election of officers took place in the afternoon session. Commissioner Howard Cullimore attended and addressed the members.

### Name New Tenn. Secretary

Harry Watson, Connecticut Mutual Life, new president of the Tennessee Association of Life Underwriters, has appointed K. T. McCrary, Life & Casualty, Knoxville, as secretary-treasurer of the state organization.

### Canadian Membership Up

Membership in the Life Underwriters Association of Canada at the end of June is reported to have increased 900 over the same date a year ago to a total of 3,800.

### Gilman Virginia Secretary

Otis W. Gilman, Sun Life of Canada, Richmond, has been appointed secretary-treasurer of the Virginia Association of the Life Underwriters by Herbert R. Hill, Life of Virginia, Richmond, recently elected president of the association.

Philadelphia—A call for 100 life men to augment 56 who are already active in the "Third Victory Loan Drive" was issued by R. L. Tatnall, Penn Mutual, chairman of the committee.

Windsor, Ont.—John V. Allen, London Life, has been elected president. Vice-presidents are Nate Wilson, Great-West, and S. N. Griffiths, Prudential; secretary-treasurer, James D. Skelly, London Life.

Lansing, Mich.—The annual summer meeting and picnic was held at the "ranch" of N. E. Glassbrook, Ohio National Life.

Jackson, Mich.—At the annual picnic, the "Industrials" won by a score of 12 to 5 from the "Ordinary" team in the baseball game.

Mobile, Ala.—D. P. Slaughter, Jr., Mobile manager of the Retail Credit Company spoke. H. T. Halthcock, Commonwealth Life, new president, announced committee appointments.

Southwest Iowa—William Markle, New York Life, Clarinda, has been elected president. George Mace, Clarinda, is first vice-president; Kenneth Abbott, New Market, second vice-president; Truman F. Galt, Shenandoah, secretary-treasurer, and William Tarpenning, retiring president, national committeeman.

Iowa—C. V. Shepherd, National Life,

Cedar Rapids, state president, has appointed four committee chairmen. Charles J. Stratton, Dubuque, first vice-president, is membership chairman. William Steely, Waterloo, second vice-president, heads the education committee; Harry Haskins, Des Moines, legislative, and Mr. Shepherd, speakers' bureau.

Yakima Valley, Wash.—George B. Kennard, Washington state director of State Farm Life, was elected president at the annual meeting. Gerald Koukal, Metropolitan, and Floyd Lewis, Bankers Life of Iowa, are vice-presidents; Arthur Tuttle, Northern Life of Seattle, secretary-treasurer.

## ACCIDENT

### Plan 2-Cents-a-Day Hospital Ward Service in N. Y. City

NEW YORK—Associated Hospital Service of New York City is seeking the support of its member hospitals for a 2-cents-a-day plan covering ward service so as to reach thousands of people in the lower-income groups for whom the regular 3-cents-a-day service for semi-private accommodations is too high a premium. President L. H. Pink states in a report covering the service's eight years of existence.

Mr. Pink, who is former New York insurance superintendent, mentions that the service has recently arranged a further increase in benefits to subscribers by removing the limits on the allowances for extras, such as x-rays, laboratory examinations, and the use of operating room and medications. At the same time it has increased its payments to the hospitals to assist them in meeting the rising cost of service to subscribers, yet this has been done without raising the cost of protection to subscribers. Subscribers now number 1,325,000.

### Favorable A. & H. Loss Ratio Despite Wartime Hazards

Influenza losses have increased in certain sections since the start of 1943, heart ailments have been aggravated by the war's uncertainties, traffic accidents have decreased and occupational accidents have increased in crowded war defense plants. However, considering all factors, accident and health loss ratios have been "very favorable" during 1943, according to Frank J. Stich, manager of Continental Casualty's accident and health claim department.

Continental's accident and health department paid policyholders and bene-

ficiaries \$2,543,564 during the first six months of 1943, according to Mr. Stich. The loss ratio was entirely satisfactory to the management, he stated.

Of all commercial applications submitted during the first six months, Continental Casualty issued 97.6%. In commenting upon this rejection record of less than 2½%, B. K. Holliday, chief underwriter of the commercial division, said the field men are urged to be underwriters as well as agents. As a result, agents try to select risks carefully so as not to jeopardize their reputations by submitting border-line cases.

Family Mutual Life of Wilmington, Del., is inaugurating a national advertising campaign on its hospitalization insurance plan.

## RECORDS

Equitable Life of Iowa—The new paid business in July was 36.7% greater than in July, 1942, and was the greatest volume to be paid for in any July since 1935. July marked the eighth successive month in which Equitable has recorded substantial gains in new business.

Total paid writings for the first seven months already have substantially exceeded the total of the first nine months of 1942. The record for the year to date is 41.2% greater than for the corresponding period of last year.

Insurance in force was increased in July by \$1,716,889, and the increase for the first seven months is \$13,476,679, the total now being \$647,909,692.

The Portland, Ore., agency, T. J. Binder, general agent, led the field in July.

Ohio State Life—Insurance written in July was 39% greater than in July, 1942, and the largest for any month since December, 1941. New insurance for the first week of August was almost half as much as for all of August, 1942.

American United Life—Volume received in July exceeded that of July, 1942, by more than 70%. There were no exceptionally large individual cases, but there was an upturn in both per capita production and a general rise in the average size of policies written, as compared to last year's July figures. For July, 1943, the average-size application was \$1,183 larger than for the same month last year.

The improvement is attributed to the field's enthusiastic response to American United's new "family security plan" of income-benefit selling, the staging of one

## BIG GAINS MADE BY OSLICO UNDERWRITERS

Using Our New  
Simple Program Method

A Complete Sales Training System

Life — Accident — Health — Hospital

THE OHIO STATE LIFE INSURANCE COMPANY  
COLUMBUS, OHIO



of the most successful annual suit contests in the company's history, the overall effects of the accelerated production launched a year ago and now in full swing, more favorable sales conditions and a higher national morale resulting from definite progress toward victory in the war.

**Lincoln National**—Written business in July totaled more than \$36,500,000, one of the largest in history. This is a 47% gain over written business for July, 1942. Assets on June 30, were more than \$205,000,000, increase \$8,500,000 in six months. Of a six months increase in bond holdings of \$23,548,000, \$20,436,000 were government bonds. Insurance in force June 30 was \$1,338,805,000.

**Franklin Life**—Received business showed an increase in July of 106% over July of last year. This production exceeded by a considerable margin that of any other month so far this year. Total volume for the first seven months shows a gain of nearly \$5,000,000 over the same period last year.

Assets increased 50% more in July, 1943, than in July of last year.

**State Mutual Life**—After ending January with a 50% loss, an unbroken series of gains was recorded during the past six months. The gain through July is 26.22%. For the first half of 1943 the increase had been 18.68%.

Seventy percent of the agencies beat their last July's record to give the company its second biggest July paid-for ever recorded and its best seven month paid for since 1931. July also shows the heaviest volume of any month in 1943.

The Gerald H. Young office, New York City, July volume leader, moves into first volume position for the first seven months, with the Jeff Gros agency, Memphis, holding first place in lives.

A 47-day campaign, whose paid for period concluded July 31, the company's first drive honoring President George Avery White, is credited with the heavy July volume. Winners of the campaign awards which were offered for volume and lives performance by the State Mutual General Agents Association were: Raymond W. Frank of the Joe C. Caperton office, Chicago; Walter C. Leck of the J. B. Nothelfer office, Chicago; Harry L. Sanborn, William Daley office, Portland, Me.; and Stanley J. Lonsdale, Robert C. Mix agency, New Haven.

**Protective Life**—New ordinary paid for business for the first half of 1943 increased 29%, the greatest six-month increase in the company's history. Business in force June 30 was \$170,527,404.

**C. H. Simpson**, Long Beach, Cal., general agent Minnesota Mutual Life—Has exceeded his entire 1942 new paid business record in the first seven months, showing a 400% gain in July.

**Percy L. Cochran**, Spokane, Wash., manager Mutual Life, N. Y.—Reports a 45% gain in new business for the first six months.

## Unions Widen Field

Labor unions representing industrial agents are showing an increased tendency to try to influence matters of management policy in addition to grievances, salaries, hours, working conditions, and other subjects usually considered as being within a union's sphere.

In some cases the unions have attempted to have a voice in company advertising, sales promotion methods and the type of policies that should be sold. There have also been cases where the union attempted to restrain the company from transferring an agent from one debit to another.

## THE WOMAN'S BENEFIT ASSOCIATION

Founded 1892

A Legal Reserve Fraternal Benefit Society

Bina West Miller  
Supreme President

Frances D. Partridge  
Supreme Secretary

Port Huron, Michigan

## FRATERNALS

### Michigan Ruling Relieves Fraternal

LANSING, MICH.—An opinion by attorney-general's office apparently eliminates further necessity for fraternal societies to file duplicate annual reports in Michigan, one with the insurance department and the other with the corporation and securities commission.

Maccabees had complained to Commissioner Forbes regarding the seemingly unreasonable attitude of the corporation and securities body in insisting on a filing, despite the fact the society is operating under jurisdiction of the insurance department. The commissioner, accordingly, asked for a definite interpretation of the statutes relating to this subject.

The opinion, prepared by James F. Shepard, deputy attorney-general, and signed by Attorney-General Rushton, points out that a provision in the general corporation law relating to "non-profit" corporations specifically states that insurance companies are excepted.

Fraternal are not "non-profit corporations" within the meaning of the corporation code the opinion states. "They are a distinct species of corporation and are not included within the expressions 'profit corporations' or 'non-profit corporations'."

Fraternal are under no legal requirement to file reports as non-profit corporations with the Michigan corporation and securities commission, the opinion holds. The commission has no power whatsoever to issue certificates prolonging the corporate life of a fraternal and a society does not forfeit its charter for failure to file such non-profit corporation report. "State control over those societies is vested solely in the commissioner of insurance."

### Juvenile Officers Elected

Howard Behrens, Harvard, Ill., was elected president of the national honorary juvenile officers of Fidelity Life of Fulton, Ill., in a mail vote. Nominations were limited to the 20 top lodges in a four-month home front victory drive, nominees being selected on the basis of lodge and war activities. All juvenile lodges voted in the election. Other officers are: Barbara Fanning, Sandwich, Ill., vice-president; and Alyce M. Strohm, Clinton, Ia., secretary.

"Our growing juvenile department is a source of satisfaction to us," Walter C. Below, president of Fidelity Life, commented. "We have long felt the importance of an active juvenile group and are happy to see its growth continue consistently each year."

### Active in Red Cross

NEENAH, WIS.—Twenty girls employed in the home office of Equitable Reserve here spend two hours a week making surgical dressings. In addition, President Norton J. Williams is chairman of the Neenah Red Cross Chapter, and Dio W. Dunham, editor of publications, is publicity director. Their efforts contributed greatly to the highly successful local campaigns of membership and fund drive and the blood plasma donors this year.

### Five Win F. I. C. Degree

The following have been awarded the degree of Fraternal Insurance Counselor by the Fraternal Field Managers' Association:

E. A. Anderson, and Herbert Vogel, Lutheran Brotherhood; Sterling C. Holston, and James E. McAbee, Woodmen of the World, and Wm. C. Gerling, Aid Association for Lutherans.

### B. M. A. Iowa Parley

MASON CITY, IA. — Business Men's Assurance agents under Wyatt E. Maupin, Cedar Rapids manager,

## Stevenson, Coffin on N. A. L. U. Card

(CONTINUED FROM PAGE 1)

noon, Sept. 15, will feature 10 currently successful women producers divided into two panel groups.

The first panel will develop ideas for the average underwriter serving middle class prospects and will include: Helen Church Fagan, Bankers Life, Ia., Madison, Wis.; Hazel C. Herrmeyer, Penn Mutual, Minneapolis; Hazel B. Price, Union Mutual, Pittsburgh; Norma Wasson, Phoenix Mutual, Kansas City, and Anna L. Wiswell, Penn Mutual, Philadelphia.

The second panel will discuss ideas in specialized fields but where there are often unrecognized opportunities for the average saleswoman. These discussions will include tax problems, pension trusts, business insurance and various forms of investment life insurance. Speakers will include Lillian L. Joseph, Home Life, New York; Corinne V. Loomis, John Hancock, Boston; Helen D. Rockwell,



Helen M. Zepp



Beatrice Jones

National of Vermont, Cleveland; Lorraine L. Sinton, Mutual Benefit, Chicago, and Helen M. Zepp, Equitable Society, Chicago.

To complete the women's program Beatrice Jones, Guardian Life, New York, will present the findings of a survey based on 1,000 actual cases on the lives of both men and women and analyze significant features of selling shown in the study. Elsie M. Matthews, Connecticut Mutual, Newark, chairman of the N.A.L.U. women's committee, and Mildred F. Stone, Mutual Benefit, Newark, are in charge of developing the program.

### Excess Profits Tax Ruling Doesn't Apply to New Policy

NEW YORK—Widespread confusion among corporations having insurance on key executives, resulting in many frantic telephone calls to agents, has resulted from published reports stating that where such a policy has been purchased the proceeds are subject to the excess profits tax in the year of payment. Information on this point published by the Research Institute of America and "United States News" failed to make it clear that the word "purchased," as used in the case cited, that of Premier Products (2T.C. 54), referred only to acquisition, for a valuable consideration, of a policy already issued and not to a policy issued to the corporation in the first place. In the Premier Products case the insurance had been acquired at the time that Premier took over the company which had insured the executive.

The treasury obviously based its ruling on the well-known provision that insurance proceeds acquired in return for a valuable consideration, unless acquired by the insured himself, are taxable as income in the year of receipt to the extent that they exceed what has been paid for the policy.

met here at the home of Orville E. Knutson, leading producer for Iowa. Vice-president J. C. Higdon attended from the home office. Business in Iowa is showing a substantial gain.

## Government Argument Does Not Shake Paul vs. Va.

(CONTINUED FROM PAGE 1)

state commerce or interstate trade though it might be considered a trade subject to local laws, either state or federal when the commerce clause is not the authority relied upon."

The indictment was returned by the federal grand jury in November in a surprise move by Elmore. Counsel for the S.E.U.A. filed a demurrer to the indictment which again joined the issue on Paul v. Virginia.

### Announced Year Ago

The grand jury probe was announced from Washington in August a year ago. The anti-trust division opened an office in Atlanta with Robert J. Hyder in charge. During the grand jury proceedings, Hyder, a former Missouri assistant attorney-general, was called for navy service.

Named in the original proceedings in addition to the S.E.U.A., and its member companies, were 11 other insurance associations beginning with the National Board of Fire Underwriters.

One of the principal allegations made by Thurman Arnold, at that time, was that the organized companies have maintained an effective means of control and elimination of competition through their refusal to permit agents of their enterprises to represent non-member companies.

Drawn out over September, October and November the grand jury heard less than 15 witnesses, including two local agents, one from North Carolina, the other from Florida; the owner of a cotton warehouse in Mobile, an executive of a lumber trade association and the deputy insurance commissioner of Georgia. Except for the latter, the witnesses were known to have had disputes with board companies, or to have disagreed with the S.E.U.A. over the classification of a building material, or the rate applied to a specific property.

During the argument before Judge Underwood on the demurrer in May representatives of the attorney-general of several southern states were present in court. This was an evidence of interest in the states rights angle, since if the conspiracies charged were held to be Sherman Act violations, this would tend to destroy the system of state regulation of insurance.

The complete decision of Judge Underwood in the S.E.U.A. case:

On Nov. 20, 1942, an indictment was returned by a grand jury of this court against 198 corporations and 27 individuals, charging such corporations and

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THE PIONEER OF FRATERNAL LEGAL RESERVE SOCIETIES

Provides All Popular Forms of Life and Disability Insurance

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individuals with a conspiracy to fix and maintain arbitrary and non-competitive rates on fire insurance sold by them in the state of Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia, in violation of Section 1 of the Sherman Anti-Trust Act, 26 Stat. 209, and with a conspiracy to monopolize trade and commerce in fire insurance in said states in violation of Section 2 of the act.

On Jan. 13, 1943, defendants filed a demurrer challenging the sufficiency of the indictment upon the grounds that, it charges no offense against the United States; that the business of fire insurance is not commerce; that the interpretation of the act insisted upon would be a violation of the tenth, fifth and sixth amendments to the Constitution; and that the court is without jurisdiction of the subject matter of the indictment.

The case came on regularly to be heard on the demurrer and was argued orally and subsequently by briefs.

To constitute a violation of the Sherman act, the restraint and monopoly denounced must be that of interstate trade or commerce, and, unless the restraint and monopoly charged in the indictment be restraint or monopoly of interstate trade or commerce, the indictment must fail.

#### Question Is Defined

It is not a question here of whether the defendants participated in some incidental way in interstate commerce or used in some instances the facilities of interstate commerce, but is rather whether the activities complained of as constituting the business of insurance would themselves constitute interstate trade or commerce, and whether defendants' method of conducting same amounted to restraint or monopoly of same. It is not a question as to whether or not Congress had power to regulate the insurance companies or some phases of their activities, but rather whether Congress did so by the Sherman act.

#### USE OF MAILS

Persons may be engaged in interstate commerce, yet, if the restraint or monopoly complained of is not itself a restraint or monopoly of interstate trade or commerce, they may not be convicted of violation of the Sherman act. The fact that they may use the mails and instrumentalities of interstate commerce and communication, and be subject to federal regulations relating thereto, would not make applicable the Sherman act to intrastate commerce or to activities which were not commerce at all.

#### Cites Line of Decisions

The whole case, therefore, depends upon the question as to whether or not the business of insurance is interstate trade or commerce, and if so, whether

the transactions alleged in the indictment constitute interstate commerce.

The Supreme Court has repeatedly held, during a period of 75 years, that the business of insurance is not commerce, either intrastate or interstate. They have done so unequivocally and unambiguously.

Paul vs. Virginia, 8 Wall. 168; Hooper vs. California, 155 U. S. 648; Noble vs. Mitchell, 164 U. S. 367; New York Life Insurance Co. vs. Cravens, 178 U. S. 389; New York Life Insurance Co. vs. Deer Lodge County, 231 U. S. 495; Bothwell vs. Buckbee, Mears Co., 275 U. S. 274; Western Live Stock vs. Bureau of Revenue, 303 U. S. 250, 253.

#### SWEEPING SCOPE

This is not denied by the government, but it maintains that in some of the cases the ruling was obiter and in others based upon a misconception and failure to comprehend the sweeping scope of the fire insurance business. (Government's Brief, pages 8 and 9.) Neither of these positions is sound. In all of the above cited cases, the ruling was essential to the case and the reasoning of the court showed most careful analysis and full consideration of the questions now raised and did not merely follow "without reconsideration or reason, the fallacy established in the dictum of Paul vs. Virginia." (Government's Brief, page 15.)

This is especially true in the elaborately argued and thoroughly considered case of New York Life Insurance Co. vs. Deer Lodge County, supra.

The court could not be clearer in its announcement than in the expressions, "The business of insurance is not commerce. The contract of insurance is not an instrumentality of commerce," (Hooper vs. California, 155 U. S. 648, 655); and, "Contracts of insurance are not commerce at all, neither state nor interstate." (New York Life Insurance Co. vs. Deer Lodge County, 231 U. S. 495, 510.)

The same reasoning applies to the word "trade" as used in Sections 1 and 2 of the Sherman act. It has a different significance in Section 3, but this fact does not enlarge its meaning in Sections 1 and 2. "Section 1 having been passed under the specific power to regulate commerce, its meaning necessarily must be limited by the scope of that power; and it may be that the words 'trade' and 'commerce' are there to be regarded as synonymous. On the other hand, § 3, so far as it relates exclusively to the District of Columbia, could not have been passed under the power to regulate interstate or foreign commerce, since that provision of the section deals not with such commerce but with restraint of trade purely local in character." (Atlantic Cleaners & Dyers vs. United States, 286 U. S. 427, 434.)

This difference in the meaning of the word "trade" as used in the different

sections of the Act is referred to and emphasized in the later cases of Associated Press vs. Labor Board, 301 U. S. 103; Apex Hosiery Company vs. Leader, 310 U. S. 469, and American Medical Association vs. United States, 317 U. S. 519.

Under the extremely broad construction of the words "interstate commerce" by the Supreme Court, which has been so ably presented by counsel for the government, it is difficult to conceive how the business of insurance could be interstate trade and yet not be interstate commerce. At any rate, the finding by the Supreme Court that the business of insurance is not commerce, seems to me to demand a finding that the business of insurance is not "interstate trade" and is not covered by the Sherman act.

#### Apex Hosiery Case

In the case of Apex Hosiery Co. vs. Leader, 310 U. S. 469, on page 493, the Court says:

"The addition of the words 'or commerce among the several states' was not an additional kind of restraint to be prohibited by the Sherman act but was the means used to relate the prohibited restraint of trade to interstate commerce for constitutional purposes, Atlantic Cleaners & Dyers vs. U. S. 286 U. S. 427, 434, so that Congress, through its commerce power, might suppress and penalize restraints on the competitive system which involved or affected interstate commerce."

The business of insurance is not interstate commerce or interstate trade, though it might be considered a trade subject to local laws, either state or federal, where the commerce clause is not the authority relied upon. But where the exercise of power is under the commerce clause alone, as in cases under the Sherman act, the "trade" must have reference to transactions in or which affect interstate commerce.

"The Court has since repeatedly recognized that the restraints at which the Sherman law is aimed, and which are described by its terms, are only those which are comparable to restraints deemed illegal at common law, although accomplished by means other than contract and which, for constitutional reasons, are confined to transactions in or which affect interstate commerce." (Apex Hosiery Co. vs. Leader, 310 U. S. 469, 498).

Here the "trade" pursued, if it be such, is that of conducting the business of insurance, which the Supreme Court has held to be local and not interstate in character.

Counsel for the government concede that in the numerous decisions cited the Supreme Court has held that the business of insurance is not commerce, yet, strangely enough, ask this court to rule directly to the contrary. Of course the Supreme Court decisions must be followed by this court. The indictment does not disclose any facts or differences in this case which would remove it from the controlling effect of the decisions of the Supreme Court holding that the business of insurance is not commerce.

If there is to be an overruling of the long line of clear and thoroughly considered decisions of the Supreme Court, acquiesced in for 75 years by Congress and administrative agencies, it will have to be done by the Supreme Court itself, or by Congress.

The conspiracies charged in the indictment are not conspiracies in restraint of or to monopolize interstate trade or commerce. The indictment, therefore, does not charge Federal offenses and should be dismissed.

An order will be passed to accompany this opinion, sustaining the demurrer on Grounds 1, 2 and 5 thereof, and dismissing the indictment.

Howard W. Kraft, advertising and sales promotion manager of Midland Mutual Life, has left for Princeton University to take officer's training for the navy.

## Only Ordinary Under 5% Rule

(CONTINUED FROM PAGE 1)

so far as concerns employees under its jurisdiction.

"In the case of group health, accident and hospitalization insurance, this office now holds that that portion of the premium on such insurance which may be allocated for the purchase of such insurance for persons other than the employee, constitutes a salary increase where such insurance has not been in effect prior to Oct. 2, 1942.

#### SERIOUS QUESTION INVOLVED

In last week's life insurance edition of THE NATIONAL UNDERWRITER the report was printed that the Life Presidents Association, American Life Convention and National Association of Life Underwriters had jointly petitioned the Internal Revenue Bureau not to issue regulations restricting to ordinary life the type of insurance that may be purchased under the 5% rule and not to prohibit the purchase of insurance for a single or a selected few individuals. A great deal of life insurance has been sold under the 5% rule and much of this has been on endowment or limited pay form and more often than not the insurance has been purchased for a single or a selected few individuals in a company.

#### Question as to Retroactive Effect

The letter to Congressman Ploeser, who is a prominent local insurance agent of St. Louis, does not state whether the interpretation of the revenue bureau is of retroactive effect. If it should be held to be retroactive it would be a stunning blow to life insurance interests and to employers and employees who have entered upon these arrangements under the 5% rule. Practically all observers have agreed that the wording of the 5% rule does not suggest the restrictions that the Internal Revenue Bureau now imposes and if the bureau should endeavor to make its interpretation retroactive it is certain that some legal battles would develop, as this is a very important situation.

Employers, who have paid the premiums for employees, would be regarded as having made unauthorized salary increases and, would be denied the right to count such payments as business expense.

#### UP IN THE AIR

WASHINGTON—Regulations covering administration of the 5% plan under which employers may pay that proportion of their employees' wages in insurance premiums without violating the salary stabilization program are expected to be passed upon by Economic Stabilization Director Fred Vinson. Judge Vinson has received the views of the Life Presidents Association, American Life Convention and National Association of Life Underwriters that the government should not take a narrow stand in applying the 5% rule. A conference is reported to have been requested with Judge Vinson.

Meanwhile, differences between the Treasury Department and Agricultural Department over certain phases of the regulations are understood to have been ironed out. Still remaining, however, are other differences, on which Judge Vinson will have to act as umpire, notably those involved in the views of in-

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## Renewal Commission LOANS

LIFE UNDERWRITERS CREDIT CORPORATION  
Minneapolis, Minn.



insurance interests relative to the kinds of insurance that are permitted and should be permitted under the regulations, and the question of retroactivity.

Lawrence Baker, Washington attorney, Bruce Shepherd, Life Presidents actuary, and others are preparing in New York conference a brief for submittal to Judge Vinson, the first of next week, in response to his request for elaboration of the insurance views heretofore presented. Vinson said the matter was under consideration and he would welcome a brief.

Insurance attorneys think the prospect fair for modification of the regulations. They devoutly hope that if Vinson sustains the Treasury view that the 5% plan is limited to whole life or ordinary insurance that it will not be applied retroactively; also that retroactivity will not apply to many bona fide insurance contracts covering one or a few individuals in a company.

Internal revenue officials have no "yes" or "no" answer to the question of their attitude toward insurance already written that does not correspond to their interpretation. They say that any individual case brought to their attention will be considered on its merits.

That leaves everybody up in the air until Judge Vinson finally passes upon the regulations, which is not expected by insurance attorneys here before a month, or possibly six weeks.

## Continental Parley Opens in Chicago

(CONTINUED FROM PAGE 2)

ence if she knows of anyone who wants to buy life insurance, ask her for the names and addresses of three of her

friends who are saving some money or would be willing to listen to a retirement or pension plan." In approaching younger women, Mr. Henderson suggested a 30 year endowment and for those 35 to 40 a retirement income. In his sales talk he emphasizes the difficulties in saving money, pointing out that it requires \$12,000 invested at 5% to provide a \$50 a month income. Then he explains his plan which will give his prospect the equivalent of \$12,000 although she only has to save about \$300 a year or a total of \$7,500. If the prospect is living at 60, she'll receive either \$8,500 in a lump sum or an income of approximately \$50 a month as long as she lives. Then Mr. Henderson points out the provisions for disability.

### Single Women Prospects

Many single women prospects may never marry, or some of them have no prospects of marriage at least, so they are really serious about what position they will be in financially at age 60 or 65, Mr. Henderson pointed out. "Security is the most important thing for the working woman. The difference between women and men is—women want security while men want financial success. The business life of a woman is shorter. They know all about the unwanted old lady. A guaranteed monthly income is the security these women want."

In dealing with women patience is an actual necessity. "They may ask questions and they expect the answers. They resent high pressure and they demand courtesy. They notice your personal appearance and attitude. They are not interested in non-forfeiture provisions, lapse avoidance, automatic premium loan and incontestable clauses, but what they are interested in is what the contract will do for them at 55, 60 or 65."

## White and Cravens in Notable Talks

(CONTINUED FROM PAGE 3)

or reduced. Every changing condition that seems to cause us production problems also originates new production possibilities. The present war is no exception.

"The tremendous increase in purchasing power which has come because of the war has in itself created many new and larger markets for life insurance.



C. T. CRAVENS

The peculiarities of today's conditions have created new needs and new uses for our line. The result is that the current life insurance markets are greater than they have ever been before.

### Not a Local Condition

"It is significant, too, that this is no local situation. Our largest individual producer, Dwight Johnson of Philadelphia, has just completed the largest production year in his experience in the life insurance business. Fred Schroeder's agency in Oregon will produce more business in 1943 than it has ever produced since his association with the Continental 11 years ago. He himself paid for more business the first six months of this year than he did in all of last year—and he did this while putting on a couple new men who are on the App-A-Week.

### Today's Best Prospects

"Today's best prospects are in practically the same fields that you found them before. However, the larger producers are extending themselves into more fields than they generally work. There are some men, for example, who have worked limited age groups. I know of many who concentrated on young men. If we follow the army's division and classify the young men's group as being from 18 to 38, we immediately recognize that half of the prospects of the man who limits himself to this field have gone to service. That doesn't mean that you should stop working the age group 18-38, for those who remain are probably the best life insurance prospects in the group. A large proportion of them have wives and children. A man with a wife and youngsters, as a rule, is the best life insurance prospect you can find.

### Deferred Classes

"Another group have been deferred because of occupation and many of these are in better circumstances than they have ever been before. The last cause for deferment in this class is physical, but that doesn't necessarily make them uninsurable. Many a man can qualify for life insurance who may not qualify for the armed services. So, continue to work men in the 18 to 38 age group,

but don't limit yourself to them, for it is apparent that you need additional sources if you are to have as many prospects as usual.

"Where should you turn to make up your loss in numbers? One of such markets is the woman buyer. There are more women employed today than ever before in the history of the world. It has been estimated that there are nearly 15,000,000 employed women in the United States. Their incomes are at the highest level in history. They have earned a place in business and in industry and you can be sure that they will not give it up when this emergency is over. Women are therefore one of the large new markets for life insurance. They are naturally thrifty. If you need some new and good prospects investigate this field.

### Doctors and Dentists

"Have you done much work on doctors and dentists? They make a wonderful field at this time. Never have they had so many patients who are able to pay. A doctor is allowed \$5 for making an examination for our company. Many agents have reported to me that they have difficulty in getting doctors to make calls. That's the best evidence you could ask for as to the affluence of the medical profession. Any time a doctor turns down a sure \$5 bill for making an insurance examination, he must be loaded with good paying patients.

"If you live in a community where you can tap the farm market you will find it better than it has been in years. The farmer was never better off. Prices are high and there is a market for everything he can grow.

"This is a perfect time for business insurance. For example, there never was a time when the story of the need for key man insurance carried quite so much punch as it does today. Everyone has a keen appreciation of the value of man-power. Most concerns are faced with a shortage in numbers. It should not be hard to make them realize the tremendous loss they would sustain if one of their key men should be lost to them. Don't overlook corporation and partnership possibilities.

### Employer-Employee Lines

"The employer-employee lines are running at peak today. All companies writing group coverages are showing substantial increases. You are fortunate in having such facilities in your kit. Many agents are making much of these 5% plans. A lot of interest and not a little business has been produced through pension plans. I do not believe there has ever been a time when the employer was more receptive to such a plan. There certainly has never been a time when it could be purchased on so favorable a basis insofar as cost to the employer is concerned.

"This is a good time to establish some contributory salary savings plans.

"More interest is being shown in the market for juvenile insurance, and, of course, the man over 38 always has been the one who has purchased the larger policies. I know some very substantial producers who never have sold much business on young men."

(CONTINUED ON NEXT PAGE)

## How to be Sedentarily Successful

It has been sagely observed that man's progress is retarded because his peculiar design so well equips him for sitting down.

But this pearl of wisdom is subject to exception. Consider, for example, the Life Underwriter. The oftener he sits down in the process of interviewing well selected prospects, the greater the progress he is sure to make.

**Moral:** What's sauce for the gander isn't always sauce for the goose.

**LIFE INSURANCE COMPANY of VIRGINIA**

BRADFORD H. WALKER, President

Home Office: RICHMOND

**GENERAL AND DISTRICT AGENCY TERRITORY AVAILABLE IN Kentucky, Virginia, West Virginia and District of Columbia**



Portfolio includes all standard forms of Life and Endowment policies as well as Wholesale, Group, Salary Deduction, Government Allotment, Juvenile, Family Income and Retirement Plans.

**George Washington Life Insurance Company**

Home Office  
CHARLESTON, WEST VIRGINIA

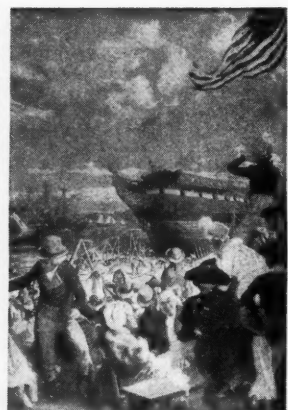
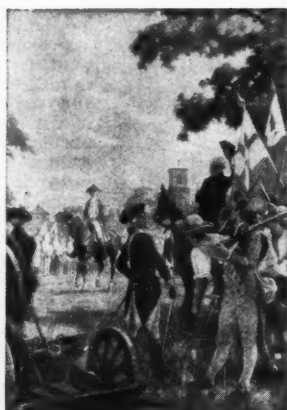
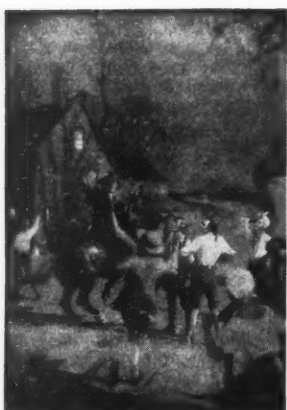
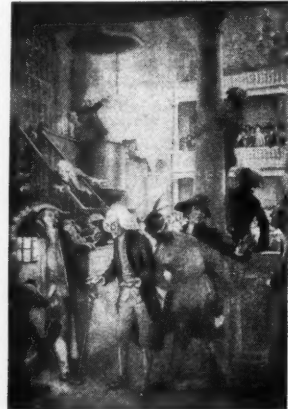
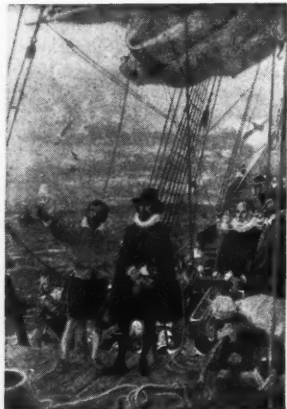
**PROPERTY MANAGEMENT**

**ENGEL REALTY COMPANY**

Realtors & Insurers

MANAGEMENT SALES  
LEASES APPRAISALS  
BIRMINGHAM, ALABAMA

## New England Mutual Murals Win Acclaim



More than 10,000 visitors have viewed the eight historical murals in the entrance lobby of New England Mutual's new home office building at Copley Square, Boston, since they were opened to public display the first of this year.

Executed by the eminent French artist, Charles Hoffbauer, now a resident of this country, these colorful paintings measure approximately 8 by 12 feet and

record their subjects "with unmistakable documentary clarity."

Critics have greeted the panels with unanimous acclaim. As one puts it, "there is a feeling of history-in-the-making in this sequence into which Mr. Hoffbauer has put no end of care, and out of which emerges the spectacle of the saga of New England." Captions 1. to r. above, then 1. to r. below:

1. Samoset Welcomes the Pilgrims—1621; 2. Governor Winthrop Reaches Salem—1630; 3. Expedition Against Louisburg—1745; 4. Meeting Before the Boston "Tea Party"—1773; 5. Paul Revere Gives the Alarm—1775; 6. George Washington Takes Command—1775; 7. The "Declaration" Is Read in Boston—1776; 8. Launching of the Constitution—1797.

## White and Cravens Give Notable Addresses

(CONT FROM PRECEDING PAGE)

C. T. Cravens, educational director at the head office, who has been giving much thought to various forms of pension and retirement plans, centered his address on that subject. He said that one effect of social security has been to acquaint the people with the pension idea. Benefits are being paid to many persons. He said that he has seen enough of the pension business to be convinced that it is the greatest field for life insurance sales today. It is necessary to write business that will stick.

Mr. Cravens said social legislation, which has been so much a part of the national picture the last 10 years, has made all employers more employee-conscious than they ever have been. Once a pension plan is established he believes the benefits will be so evident to the employer that he will be reluctant to abandon it. He thinks an employer will come to regard a pension plan as a legitimate part of his payroll cost and

that he will be just as willing to drop it as he would to cut salaries.

Mr. Cravens referred to the excess profits tax carry-over in the income tax law. He explained how it works. "Let us say that we have the ABC Corporation which this year makes \$150,000 net profit. Its normal profit determined under either the invested capital or average earnings method amounts to \$50,000. So the excess profits are \$100,000. The \$50,000 is taxed at 40% and the \$100,000 at 90%. The total income tax is \$110,000.

"Let us suppose that next year the concern makes only \$25,000. Under the law normal profits are \$50,000. Consequently it files an amended return for this year, takes credit for an additional \$25,000 and receives a refund of about \$12,500 of the tax of \$110,000 previously paid. Let us go a step further and say next year the corporation loses \$10,000. Under these circumstances for the two years the corporation has a total profit of \$140,000 with \$100,000 of excess profit tax exemption. The total tax for two years would then be 40% of \$100,000 plus 90% of \$40,000, a total of \$76,000. The difference of \$34,000 will be refunded by the government. Ten percent of excess profit taxes now being paid are to be refunded by the government after the war.

### Outlook Is Promising

"It seems to me that the outlook for the continuance of pension plans is good and that we should not hesitate to approach the higher grade businesses about them. We are not interested in setting up plans for purely war babies.

The ideal prospect for a pension plan is the organization which has been in business for quite a while, has made profits quite consistently and is now enjoying unusual prosperity. It costs more to install a pension plan than to maintain it."

Dwight Johnson, Philadelphia, president General Agents & Managers Association, spoke greetings and Vice-president Roy Tuchbreiter gave the welcome at the opening session.

On Friday the general agents, managers and supervisors met during the morning. Mr. Johnson is president of the Managers Association, W. R. Dignan, Cincinnati, vice-president and M. H. Kaliff, San Antonio, secretary.

### Wartel Goes with Globe Life

Gerald Wartel, formerly with the Buder agency of Franklin Life in Chicago, has joined Globe Life of that city in charge of its office in the One La Salle street building. He takes the place of Foster H. Pulfer, who died the other day. Mr. Wartel before going with Franklin Life, was connected with Fidelity Investment Association for some time.

### Salina Group Elects Jaeger

Harold Jaeger, State Farm Life, has been elected president of the Salina Life Underwriters Association. C. W. Hurst, Metropolitan, is vice-president and program chairman; L. C. Peters, Aetna Life, secretary-treasurer, and H. V. Party, Metropolitan, national committeeman.

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**COATES & HERFURTH**  
CONSULTING ACTUARIES  
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Consulting Actuaries and Public Accountants  
35 Years of Service  
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### Established in 1865 by David Parks Fackler FACKLER & COMPANY

Consulting Actuaries  
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Consulting Actuaries  
Auditors and Accountants  
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### FRANK M. SPEAKMAN CONSULTING ACTUARY

Associate  
E. P. Higgins  
THE BOURSE PHILADELPHIA

THE  
BEST  
PLACE  
TO  
EAT  
IN  
ST. LOUIS!







## DIRECT LINE TO HEADQUARTERS!

Our Q-V-S Compensation Plan for Managers and Field Underwriters has *many* features worth your investigation.

*Example:* It is a contract made direct with the Home Office . . . added assurance of just and full rewards.

Write for brochure,  
to W. V. Woollen, Agency  
Vice President

**The CAPITOL LIFE INSURANCE Company**  
HOME OFFICE — DENVER, COLORADO

## COUNTRY LIFE INSURANCE COMPANY

*"Outstanding  
in Every Respect"*

HOME OFFICE • CHICAGO, ILLINOIS



## "SECURITY PATTERNS"

NEW, NOVEL, COPYRIGHTED SALES PLAN  
— VALUABLE HELP IN SELLING WOMEN.

There are styles in life insurance just as there are in clothes. State Mutual "Security Patterns" present a complete life insurance wardrobe. Visual Fashion Book illustrates and explains how various life insurance styles fit a woman's needs and purse.

ANOTHER STATE MUTUAL SALES AID  
THAT'S FIELD CLICKING

**State Mutual Life Assurance Company**  
of Worcester, Massachusetts  
Incorporated 1844  
*America's 5th Oldest Life Insurance Company*

### ROCK ISLAND

site of the first bridge to span the Mississippi—today a progressive community of 11,000 homes—production center of military materiel—yet tuned to the agricultural community of which it is the hub. Write today for the Alliance plan to help you establish a profitable agency in Rock Island.

B. T. Kamins, Agency Director

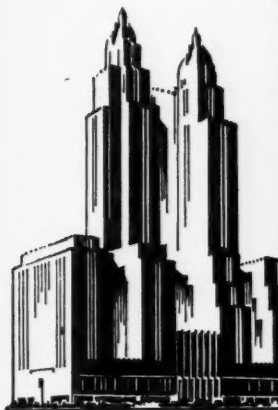
### Reliable REINSURANCE Service

**Life  
Substandard  
Accident  
Disability**

R. E. Button, Reinsurance Secretary

## Alliance Life Insurance Company

Executive office: 750 N. MICHIGAN AVENUE, CHICAGO



## Headquarters for Wartime Conferences

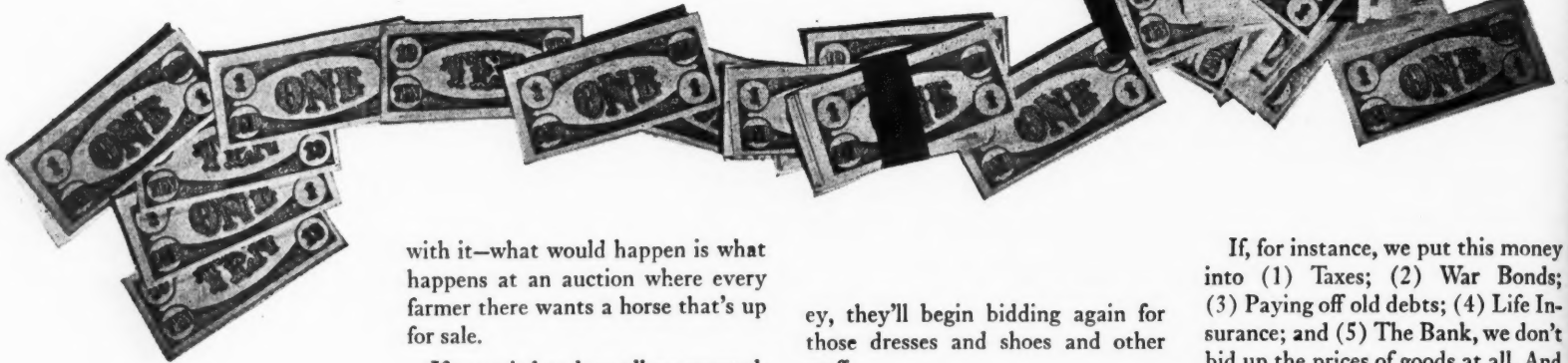
"Streamlined" conferences are welcomed at The Waldorf-Astoria. They are accorded the same diligent cooperation and staff assistance that made this hotel the convention center when occasions were more elaborate. Wartime regulations and restrictions are being obeyed, but there is no ceiling on friendliness.

**THE  
WALDORF-ASTORIA**

PARK AVENUE • 49TH TO 50TH • NEW YORK

# IF YOU'RE MAKING MORE MONEY

## ...WATCH OUT!



**WE** WANT TO WARN YOU, before you read this page, that you've got to use your head to understand it.

We also want to warn you that—if you don't bother to read it carefully enough to understand it—you may wake up after this war as poor as a church mouse.

This year Americans are going to make—minus taxes—125 billion dollars.

But this year, we civilians are not going to have 125 billion dollars' worth of goods to spend this on. We're only going to have 80 billion dollars' worth. The rest of our goods are being used to fight the war.



That leaves 45 billion dollars' worth of money burning in our jeans.

Well, we can do 2 things with this 45 billion dollars. One will make us all poor after the war. The other way will make us decently prosperous.

**This way the 45 billion dollars will make us poor**

If each of us should take his share of this 45 billion dollars (which averages approximately \$330 per person) and hustle out to buy all he could

with it—what would happen is what happens at an auction where every farmer there wants a horse that's up for sale.

If we tried to buy all we wanted, we would bid the prices of things up and up and up. Instead of paying \$10 for a dress we're going to pay \$15. Instead of \$5 for a pair of shoes we're going to pay \$8.

*Despite the fact that there aren't any more dresses or shoes or anything else than there were before, we're going to be suckers and pay a lot more for them.*

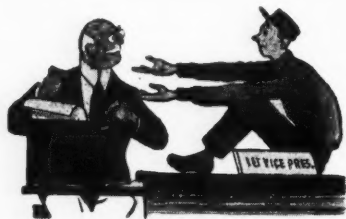


Now listen closely:

The bidding for scarce goods is going to raise prices faster than wages. Wages just won't keep up.

*So what will people do?*

U. S. workers—whether they're laborers or white-collar workers—will ask the boss for more money. Since



labor is scarce, a lot of them will get it. And farmers and business men who feel the pinch are going to ask more money for their goods.

Well, the minute these people—that means maybe *you* and plenty of your friends and neighbors—get this mon-

ey, they'll begin bidding again for those dresses and shoes and other stuff.

And the prices will go *still higher*. And the majority of us will be in that same old spot again—only worse.



This is what is known as Inflation. And inflation has occurred—to a greater or less degree—during every war period. And in every case on record the people have been left holding the bag!

Our government is doing a lot of things to keep prices down... rationing the scarcest goods, putting ceiling prices on things, stabilizing wages, increasing taxes. But the government can't do the *whole* job. So let's see what *we* can do about it.

**This way the 45 billion dollars will make us prosperous**

If, instead of running out with our extra dough, and trying to bid on everything in sight, we buy only what we absolutely need and do some other things that aren't fun, we will come out all right.

If, for instance, we put this money into (1) Taxes; (2) War Bonds; (3) Paying off old debts; (4) Life Insurance; and (5) The Bank, we don't bid up the prices of goods at all. And if besides doing this we (6) refuse to pay more than the ceiling prices; and (7) ask no more for what we have to sell—no more in wages, no more for goods—*prices stay where they are now*.

And we pile up a bank account. We have our family protected in case we die. We have War Bonds that'll make the down payment on a new house after the war, or help us retire some day. And we don't have taxes after the war that practically strangle us to death.



Maybe, doing this sounds as if it isn't fun. But being shot at up at the front isn't fun, either. You have a duty to those soldiers as well as to yourself. You *can't* let the money that's burning a hole in your pocket start setting the country on fire.

**This advertisement, prepared by the War Advertising Council, is contributed by this magazine in co-operation with the Magazine Publishers of America.**

## KEEP PRICES DOWN!

Use it up  
Wear it out  
Make it do  
Or do without